

---

**CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**  
**DECEMBER 31, 2002**

---





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor-President  
and Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

We have audited the financial statements of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003, which includes a reference to the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the financial statements of the City-Parish are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which we have reported to the management of the City-Parish in a separate letter dated May 23, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City-Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City-Parish in a separate letter dated May 23, 2003.

This report is intended solely for the information and use of the Metropolitan Council, the City-Parish management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & McDeville*

Baton Rouge, Louisiana  
May 23, 2003



## Postlethwaite & Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
[www.pncpa.com](http://www.pncpa.com)

### **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor-President  
And Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

#### **Compliance**

We have audited the compliance of the City of Baton Rouge and Parish of East Baton Rouge (the City-Parish) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City-Parish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

The City-Parish's basic financial statements include the operations of the District Attorney of the Nineteenth Judicial District (the District Attorney) and the Capital Transportation Corporation, presented as component units. These entities expended \$897,398 and \$3,874,494 of federal grant funding during the year ended December 31, 2002, respectively, that does not appear in the accompanying schedule of expenditures of federal awards for the year ended December 31, 2002. Our audit of compliance, described below, did not include the programs of the District Attorney and the Capital Transportation Corporation, as those entities were audited under separate engagements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City-Parish's compliance with those requirement.

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2002-1 through 2002-8.

### Internal Control Over Compliance

The management of the City-Parish is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City-Parish's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City-Parish's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1 and 2002-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City-Parish as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2002 as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the Metropolitan Council, the City-Parish management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Baton Rouge, Louisiana  
May 23, 2003



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001		GRANT AND CONTRACT REVENUES RECEIVED
	<u>GRANTOR</u>	<u>LOCAL</u>	
<b><u>FEDERAL AGENCY - SCHEDULE A</u></b>			
U.S. Department of Housing and Urban Development	\$ 510,940	\$ (1,188,617)	\$ 13,102,839
U.S. Department of Health and Human Services	481,353	(89,247)	10,192,197
Federal Emergency Management Agency	269,920	(166,667)	3,374,263
U.S. Department of Transportation - FHWA	3,188,426	(5,576,789)	4,193,485
U.S. Department of Transportation - National Highway Traffic Safety Administration	(1,840)	96,320	26,667
U.S. Department of Transportation	--	--	--
U.S. Department of Energy	17,625	--	29,500
U.S. Department of Agriculture	173,871	--	1,780,234
U.S. Department of Education - Rehabilitation Service Administration	(80,488)	--	92,113
U.S. Department of Labor	679,561	--	5,193,913
U. S. Department of Justice	(645,192)	(120,259)	621,345
U. S. Environmental Protection Agency	3,014	--	58,447
Office of National Drug Control Policy	9,469	--	14,469
Federal Highway Administration	--	--	6,078
<b>TOTAL FEDERAL AGENCY - SCHEDULE A</b>	<b>\$ 4,606,659</b>	<b>\$ (7,045,259)</b>	<b>\$ 38,685,550</b>
<b><u>FEDERAL AGENCY - SCHEDULE B</u></b>			
U.S. Department of Transportation - FTA	\$ 746,423	\$ (437,345)	\$ 1,457,148
U.S. Department of Transportation - FAA	3,477,502	--	12,282,028
Federal Emergency Management Agency	16,833	--	67,411
U. S. Environmental Protection Agency	828,111	(2,321,719)	1,555,548
<b>TOTAL FEDERAL AGENCY - SCHEDULE B</b>	<b>\$ 5,068,869</b>	<b>\$ (2,759,064)</b>	<b>\$ 15,362,135</b>



GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND ADJUSTMENTS	LOCAL EXPENDITURES AND ADJUSTMENTS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2002	
			GRANTOR	LOCAL
\$ 687,852	\$ 12,923,888	\$ 801,360	\$ 331,989	\$ (1,075,109)
2,017,453	10,912,473	2,106,700	1,201,629	--
(74,883)	2,024,047	27,751	(1,080,296)	(64,033)
1,300,582	4,910,776	1,312,840	3,905,717	(5,564,531)
100,000	36,831	3,680	8,324	--
--	5,566	--	5,566	--
--	54,409	--	42,534	--
(28,953)	1,945,847	(28,953)	339,484	--
--	78,163	--	(94,438)	--
--	5,136,557	--	622,205	--
83,934	1,029,654	114,655	(236,883)	(89,538)
--	77,303	--	21,870	--
--	5,000	--	--	--
2,300	6,078	2,300	--	--
<u>\$ 4,088,285</u>	<u>\$ 39,146,592</u>	<u>\$ 4,340,333</u>	<u>\$ 5,067,701</u>	<u>\$ (6,793,211)</u>
\$ 17,846	\$ 724,315	\$ 162,139	\$ 13,590	\$ (293,052)
--	12,344,933	--	3,540,407	--
--	69,959	--	19,381	--
--	1,156,401	946,146	428,964	(1,375,573)
<u>\$ 17,846</u>	<u>\$ 14,295,608</u>	<u>\$ 1,108,285</u>	<u>\$ 4,002,342</u>	<u>\$ (1,668,625)</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
FEDERAL GRANTS					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs:	121004				
Community Development:					
Block Grant - 1986	182..431602	14.218	B-86-MC-22-0002	\$ (100,000)	\$ --
Block Grant - 1990	182..431602	14.218	B-90-MC-22-0002	(120,806)	--
Block Grant - 1991	182..431602	14.218	B-91-MC-22-0002	(11,837)	--
Block Grant - 1992	182..431602	14.218	B-92-MC-22-0002	(244,804)	--
Block Grant - 1993	182..431602	14.218	B-93-MC-22-0002	(111,424)	--
Block Grant - 1994	182..431602	14.218	B-94-MC-22-0002	(436,660)	(4,266)
Block Grant - 1995	182..431602	14.218	B-95-MC-22-0002	(401,095)	(10,233)
Block Grant - 1996	182..431602	14.218	B-96-MC-22-0002	(268,529)	(8,203)
Block Grant - 1997	182..431602	14.218	B-97-MC-22-0002	(590,448)	(6,211)
Block Grant - 1998	182..431602	14.218	B-98-MC-22-0002	(1,186,105)	(59,989)
Block Grant - 1999	182..431602	14.218	B-99-MC-22-0002	295,335	(173,618)
Block Grant - 2000	182..431602	14.218	B-00-MC-22-0002	3,069,265	(268,825)
Block Grant - 2001	182..431602	14.218	B-01-MC-22-0002	781,688	(481,604)
Block Grant - 2002	182..431602	14.218	B-02-MC-22-0002	--	--
SUBTOTAL CFDA NUMBER 14.218				674,580	(1,012,949)
Home Grant - 1992	183..431602	14.239	M-92-MC-22-0204	--	(175,668)
Home Grant - 1994	183..431602	14.239	M-94-MC-22-0204	(557)	--
Home Grant - 1995	183..431602	14.239	M-95-MC-22-0204	(5,577)	--
Home Grant - 1996	183..431602	14.239	M-96-MC-22-0204	7,534	--
Home Grant - 1997	183..431602	14.239	M-97-MC-02-0204	10,887	--
Home Grant - 1998	183..431602	14.239	M-98-MC-02-0204	93,709	--
Home Grant - 1999	183..431602	14.239	M-99-MC-02-0204	82,466	--
Home Grant - 2000	183..431602	14.239	M-00-MC-02-0204	(16,291)	--
Home Grant - 2001	183..431602	14.239	M-01-MC-02-0204	--	--
SUBTOTAL CFDA NUMBER 14.239				172,171	(175,668)
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-96-00	48,540	--
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B97-01	42,003	--
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B80-01	23,890	--
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B90-40	29,925	--
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B00-10	15,352	--
Continuum of Care Supportive Housing Program	184..431602	14.235	LA-48-B10-40	--	--
SUBTOTAL CFDA NUMBER 14.235				159,710	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued

## SCHEDULE A

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND ADJUSTMENTS	LOCAL EXPENDITURES AND ADJUSTMENTS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 100,000	\$ --	\$ 200,000	\$ --	\$ --	\$ --
25,262	--	146,068	--	--	--
--	--	11,837	--	--	--
123,337	--	368,141	--	--	--
111,124	--	222,548	--	--	--
143,244	--	579,904	--	--	(4,266)
193,727	--	594,822	--	--	(10,233)
98,777	--	367,306	65	--	(8,138)
240,997	--	831,445	--	--	(6,211)
321,915	--	1,508,020	50,623	--	(9,366)
123,602	--	(171,733)	122,033	--	(51,585)
1,418,854	--	(1,650,411)	135,938	--	(132,887)
3,547,205	37,852	2,926,677	298,732	161,160	(220,724)
443,690	500,000	667,713	1,279	224,023	(498,721)
<u>6,891,734</u>	<u>537,852</u>	<u>6,602,337</u>	<u>608,670</u>	<u>385,183</u>	<u>(942,131)</u>
--	150,000	--	192,690	--	(132,978)
--	--	--	--	(557)	--
--	--	274	--	(5,303)	--
(250)	--	(3,574)	--	4,210	--
68,298	--	63,048	--	5,637	--
524,919	--	429,278	--	(1,932)	--
1,151,506	--	1,096,761	--	27,721	--
698,664	--	769,770	--	54,815	--
181,000	--	181,000	--	--	--
<u>2,624,137</u>	<u>150,000</u>	<u>2,536,557</u>	<u>192,690</u>	<u>84,591</u>	<u>(132,978)</u>
123,369	--	94,986	--	20,157	--
297,603	--	292,497	--	36,897	--
267,454	--	262,563	--	18,999	--
131,056	--	119,804	--	18,673	--
329,197	--	344,439	--	30,594	--
--	--	78,042	--	78,042	--
<u>1,148,679</u>	<u>--</u>	<u>1,192,331</u>	<u>--</u>	<u>203,362</u>	<u>--</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u></b>					
HOPWA Grant - 2000	185..431602	14.241	LAH00F002	\$ 84,104	\$ --
HOPWA Grant - 2001	185..431602	14.241	B01MC220002	--	--
SUBTOTAL CFDA NUMBER 14.241				84,104	--
Emergency Shelter 2000-02	182..431602	14.231	S-00-MC-22-0002	5,172	--
Emergency Shelter 2001-03	182..431602	14.231	S-01-MC-22-0002	--	--
<u>Passed through Louisiana</u>					
<u>Department of Social Services</u>	121109				
Emergency Shelter	170..432602	14.231	99/01	(333)	--
Emergency Shelter	170..432602	14.231	00/02	64,891	--
Emergency Shelter	170..432602	14.231	01/03	--	--
<u>Passed through Louisiana Department</u>					
<u>of Urban and Community Affairs</u>	121112				
Emergency Shelter Grant	170..432603	14.231	1988	(719)	--
SUBTOTAL CFDA NUMBER 14.231				69,011	--
	121004				
Sharlo Terrace - 1994	170..431602	14.156	LA-48-0046-009	(69,036)	--
Sharlo Terrace - 1998	170..431602	14.156	LA-48-0046-009	(5,020)	--
Sharlo Terrace - 1999	170..431602	14.156	LA-48-0046-009	(8,297)	--
Sharlo Terrace - 2000	170..431602	14.156	LA-48-0046-009	(13,572)	--
Sharlo Terrace - 2001	170..431602	14.156	LA-48-0046-009	(8,915)	--
Sharlo Terrace - 2002	170..431602	14.157	LA-48-0046-009	--	--
Section 8 - Existing	170..431602	14.156	LA-48-E003-001/004	(125,427)	--
Moderate Housing Assistance I - 1994	170..431602	14.156	LA-48-K219-001	(47,280)	--
Moderate Housing Assistance II - 1994	170..431602	14.156	LA-48-K219-002	4,163	--
Moderate Housing Assistance III - 1994	170..431602	14.156	LA-48-K219-003	(2,007)	--
Moderate Housing Assistance IV - 1987-94	170..431602	14.156	LA-48-K219-004	(6,351)	--
Moderate Housing Assistance IV - 1998	170..431602	14.156	LA-48-K219-004	(70)	--
Moderate Housing Assistance IV - 1999	170..431602	14.156	LA-48-K219-004	(68,889)	--
Moderate Housing Assistance IV - 2000	170..431602	14.156	LA-48-K219-004	(54,755)	--
Moderate Housing Assistance IV - 2001	170..431602	14.156	LA-48-K219-004	(36,160)	--
Moderate Housing Assistance IV - 2002	170..431602	14.157	LA-48-K219-004	--	--
Section 8 Certificate Program - 1996	170..431602	14.156	LA-219-CEO-1, 2, 3 & 4	(157,884)	--
Section 8 Certificate Program - 1997	170..431602	14.156	LA-219-CEO-1, 2, 3 & 4	668	--
Section 8 Certificate Program - 1998	170..431602	14.156	LA-219-CEO-001-008	24,842	--
Section 8 Certificate Program - 1999	170..431602	14.156	LA-219-CEO-001-008	(28,137)	--
Section 8 Certificate Program - 2000	170..431602	14.156	LA-219-CEO-001-008	(67,086)	--
Section 8 Vouchers Program - 1999	170..431602	14.156	LA-219-CEO-001-008	(3,928)	--
Section 8 Vouchers Program - 2000	170..431602	14.156	LA-219-CEO-001-008	36,852	--
Section 8 Vouchers Program - 2001	170..431602	14.156	LA-219-CEO-001-008	(12,347)	--
Section 8 Vouchers Program - 2002	170..431602	14.156	LA-219-CEO-001-008	--	--
SUBTOTAL CFDA NUMBER 14.156				(648,636)	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued

SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS <u>REVENUES</u>	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 166,554	\$ --	\$ 78,856	\$ --	\$ (3,594)	\$ --
478,012	--	534,415	--	56,403	--
644,566	--	613,271	--	52,809	--
54,768	--	54,410	--	4,814	--
123,440	--	130,868	--	7,428	--
--	--	333	--	--	--
153,245	--	88,354	--	--	--
63,443	--	74,147	--	10,704	--
--	--	--	--	(719)	--
394,896	--	348,112	--	22,227	--
--	--	--	--	(69,036)	--
--	--	--	--	(5,020)	--
--	--	--	--	(8,297)	--
--	--	5,741	--	(7,831)	--
4,657	--	5,439	--	(8,133)	--
325,144	--	323,576	--	(1,568)	--
--	--	--	--	(125,427)	--
--	--	--	--	(47,280)	--
--	--	--	--	4,163	--
--	--	--	--	(2,007)	--
--	--	--	--	(6,351)	--
--	--	--	--	(70)	--
--	--	69,708	--	819	--
--	--	54,568	--	(187)	--
(14,715)	--	19,897	--	(1,548)	--
503,225	--	494,527	--	(8,698)	--
--	--	--	--	(157,884)	--
--	--	--	--	668	--
--	--	--	--	24,842	--
--	--	29,464	--	1,327	--
--	--	67,008	--	(78)	--
--	--	3,928	--	--	--
--	--	(38,029)	--	(1,177)	--
(2,281)	--	12,656	--	2,590	--
554,522	--	554,522	--	--	--
1,370,552	--	1,603,005	--	(416,183)	--

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>NAME OF GRANTS &amp; SOURCES</u>	<u>CODE NUMBERS</u>	<u>FEDERAL CFDA NUMBERS</u>	<u>GRANT NUMBERS</u>	<u>ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u></b>					
Parking Structure Feasibility Study	070.431602	14.276	B-01-SP-LA-0224	\$ --	\$ --
Total U.S. Department of Housing and Urban Development				510,940	(1,188,617)
<b><u>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Metropolitan Medical Response System	170.431601	93.010051	233-01-0051	118,622	--
Headstart - 2001	160.431601	93.600	06CH006524	143,044	--
Headstart - 2002	160.431601	93.600	06CH0065235	--	--
SUBTOTAL CFDA NUMBER 93.600				143,044	--
Ecstasy and Club Drug	170.431601	93.243	IU798P10018-01	--	--
<b><u>Passed through Louisiana Department of Health and Hospitals-Office of Community Service</u></b>					
City Court Volunteer in Court	170.432001	93.959	00/01	--	(16,529)
City Court Volunteer in Court	170.432001	93.959	01/02	12,433	(18,365)
SUBTOTAL CFDA NUMBER 93.959				12,433	(34,894)
<b><u>Passed through Louisiana Department of Social Services</u></b>					
BRACA - LIHEAP Energy Assistance	160.432400	93.568	2000	--	(30,708)
BRACA - LIHEAP Energy Assistance	160.432400	93.568	2001	--	(23,645)
<b><u>Passed through Louisiana Housing Finance Agency</u></b>					
Low Income Housing Entergy Assistance	160.432401	93.568	2001	83,921	--
Low Income Housing Entergy Assistance	160.432401	93.568	2002	--	--
Low Income Housing Entergy Assistance	160.432401	93.568	02/03	--	--
SUBTOTAL CFDA NUMBER 93.568				83,921	(54,353)
Temporary Assistance for Needy Families	170.432401	93.558	01/02	20,238	--
Temporary Assistance for Needy Families	170.432401	93.558	02/03	--	--
Temporary Assistance for Needy Families	170.432401	93.558	02/03	--	--
SUBTOTAL CFDA NUMBER 93.558				20,238	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued

SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS <u>REVENUES</u>	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 28,275	\$ --	\$ 28,275	\$ --	\$ --	\$ --
13,102,839	687,852	12,923,888	801,360	331,989	(1,075,109)
236,433	--	59,653	--	(58,158)	--
237,408	--	94,364	--	--	--
7,177,791	2,144,808	8,217,784	2,144,808	1,039,993	--
7,415,199	2,144,808	8,312,148	2,144,808	1,039,993	--
--	--	29,131	--	29,131	--
--	(16,529)	--	--	--	--
36,283	512	23,850	18,877	--	--
36,283	(16,017)	23,850	18,877	--	--
--	--	--	30,708	--	--
--	--	--	23,645	--	--
97,632	(13,998)	13,711	(13,998)	--	--
1,336,072	--	1,283,145	--	(52,927)	--
--	--	99,820	--	99,820	--
1,433,704	(13,998)	1,396,676	40,355	46,893	--
38,777	(17,339)	18,539	(17,339)	--	--
97,512	(80,001)	97,512	(80,001)	--	--
3,150	--	--	--	(3,150)	--
139,439	(97,340)	116,051	(97,340)	(3,150)	--

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED)	
				GRANT AND CONTRACT REVENUES	
				DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u></b>					
Passed through Louisiana Department of Employment and Training	121118				
Community Services Block Grant:					
BRACA	160..432604	93.569	CSBG-FY-00P0019	\$ --	\$ --
BRACA	160..432604	93.569	CSBG-FY-01P0019	103,110	--
CSBG-State Discretionary	160..432604	93.569	CSBG-FY-92P0019	(15)	--
SUBTOTAL CFDA NUMBER 93.569				103,095	--
Total U.S. Department of Health and Human Services				481,353	(89,247)
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>					
Direct Program:	121008				
Project Impact	170..431102	83.551	EMT-1999-GR0001	234,163	(166,667)
Assistance to Fire Fighters	170..431102	83.554	EMW-2001-FG-06942	--	--
Assistance to Fire Fighters-Pride	170..431102	83.554	EMW-2002-FG-06616	--	--
Assistance to Fire Fighters-BRFD	170..431102	83.554	EMW-2002-FG-07178	--	--
SUBTOTAL CFDA NUMBER 83.554				--	--
Passed through Department of Military Affairs	121126				
Hurricane Andrew	170..431102	83.516		(82,979)	--
Tropical Storm Allison	170..431102	83.516		114,902	--
Tropical Storm Isidore	170..431102	83.516		--	--
Hurricane Lili	170..432103	83.516		--	--
SUBTOTAL CFDA NUMBER 83.516				31,923	--
Hazardous Mitigation Grant	170..432103	83.534		1,000	--
E.B.R. Flood Property Acquisition	170..432103	83.534		3,334	--
Acquisition/Elev. of Rep. Loss Structures	170..432103	83.534		--	--
Elevation of Flood Property	170..432103	83.534		2,750	--
Terrorism Consequence Preparedness	170..432103	83.534		--	--
Terrorism Consequence Preparedness	170..432103	83.534		(3,000)	--
Emergency Enhanced Hazmat Program	170..432103	83.534		--	--
SUBTOTAL CFDA NUMBER 83.534				4,084	--
Passed through United Way of America	121423				
Emergency Shelter (FEMA)	160..434602	83.523	LRO 001	--	--
Emergency Shelter (FEMA)	160..434602	83.523	LRO 001	(250)	--
SUBTOTAL CFDA NUMBER 83.523				(250)	--
Total Federal Emergency Management Agency				269,920	(166,667)

See Notes to Schedule of Expenditures of Federal Awards.

Continued



SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS <u>REVENUES</u>	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 627,906	\$ --	\$ 774,841	\$ --	\$ 146,935	\$ --
303,233	--	200,123	--	--	--
--	--	--	--	(15)	--
931,139	--	974,964	--	146,920	--
10,192,197	2,017,453	10,912,473	2,106,700	1,201,629	--
234,163	(154,867)	--	11,800	--	--
37,218	15,951	37,218	15,951	--	--
--	4,135	--	--	--	(4,135)
--	59,898	--	--	--	(59,898)
37,218	79,984	37,218	15,951	--	(64,033)
--	--	--	--	(82,979)	--
169,811	--	54,909	--	--	--
47,062	--	81,616	--	34,554	--
--	--	441,111	--	441,111	--
216,873	--	577,636	--	392,686	--
--	--	--	--	1,000	--
696,144	--	648,089	--	(44,721)	--
2,127,000	--	691,074	--	(1,435,926)	--
--	--	(3,725)	--	(975)	--
39,470	--	39,470	--	--	--
--	--	3,000	--	--	--
--	--	7,640	--	7,640	--
2,862,614	--	1,385,548	--	(1,472,982)	--
23,645	--	23,645	--	--	--
(250)	--	--	--	--	--
23,395	--	23,645	--	--	--
3,374,263	(74,883)	2,024,047	27,751	(1,080,296)	(64,033)

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>U.S. DEPARTMENT OF TRANSPORTATION - FHWA</u></b>					
<b><u>Passed through Louisiana Department of Transportation and Development - Office of Highways</u></b>					
	121101				
Signal System Synchronization	341..432200	20.205	700-17-69	\$ 62,782	\$ (17,486)
Millerville Road - I-12 and Harrell's Ferry Road	341..432200	20.205	700-17-71	37,012	(52,342)
Millerville Road - I-12 and Old Hammond Highway	341..432200	20.205	700-19-44	46,163	(31,053)
Monterrey Boulevard		20.205	742-03-09	--	(3,814)
Lee Drive Bridge	341..432200	20.205	742-04-32	--	(217,101)
McHugh Road - Baker	341..432200	20.205	742-05-78	28,606	(14,961)
Tigerbend Road	341..432200	20.205	742-06-0071	19,235	(4,237)
Tigerbend Road	337..432200	20.205	742-06-0071	476,451	(909,926)
Monterrey Boulevard	170..432200	20.205	742-06-72	147,445	--
Groom Road	341..432200	20.205	700-30-0245	--	(70,567)
Goodwood @ E. Airport	341..432200	20.205	742-17-0009	--	(70,404)
North Sherwood @ South Choctaw	341..432200	20.205		6,558	97,803
Bluebonnet @ Perkins	341..432200	20.205	700-17-0126	--	(137,237)
La. Hwy. 19 @ Lavey Lane	341..432200	20.205	700-17-0141	265,536	(73,231)
Flannery Road @ Florida Blvd.	341..432200	20.205	700-17-0118	--	(31,532)
Street Name Sign Program - Local Streets	170..432200	20.205	700-17-0117	37,779	--
Street Name Sign Program - State Routes	170..432200	20.205	700-17-0116	56,783	--
Bayou Fountain	341..432200	20.205	576-17-006	--	--
Greenwell Springs-Monticello Sidewalks	341..432200	20.205	774-17-0011	32,461	(4,976)
Choctaw Dr. @ Sorrel Ave. Intersection	341..432200	20.205	742-06-0089	68,141	--
Signal Replacement Flordia/Perkins/Airline	341..432200	20.205	742-17-0114	65	--
Signal Synchronization System-Phase IV	341..432200	20.205	700-17-0172	--	--
Aster-Chimes Drainage Improvements	341..432200	20.205	576-17-0008	--	--
Tiger Bend Road (Jefferson to Antioch)	341..432200	20.205	742-04-0059	--	--
Jones Creek Rd (Tiger Bend to Coursey)	341..432200	20.205	742-17-0131	--	--
Nicholson Dr@Brightside Lane/West Lee	341..432200	20.205	742-17-0130	--	--
North Sherwood Forest Blvd. Improve	341..432200	20.205	700-26-0078	--	--
Millerville Road Improvements	341..432200	20.205	742-17-0136	--	--
Flannery Rd. to Florida Blvd. Intersection	341..432200	20.205		--	--
	121129				
Advanced Traffic Management Center	170..432200	20.205	742-17-0120	864,237	--
	121130				
Advanced Traffic Management Center	340..432201	20.205	742-17-0120	--	(4,035,725)
Advanced Traffic Management Center	340..432202	20.205	742-17-0120	1,039,172	--
SUBTOTAL CFDA NUMBER 20.205				3,188,426	(5,576,789)
Total U.S. Department of Transportation - FHWA				3,188,426	(5,576,789)

See Notes to Schedule of Expenditures of Federal Awards.

Continued

SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS <u>REVENUES</u>	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 38,606	\$ --	\$ 193,989	\$ --	\$ 218,165	\$ (17,486)
115,986	--	119,939	39,980	40,965	(12,362)
23,705	140,000	146,736	48,912	169,194	(122,141)
--	--	--	3,814	--	--
--	--	--	--	--	(217,101)
40,976	--	12,370	(12,370)	--	(27,331)
--	--	--	194	19,235	(4,043)
1,334,297	--	1,430,616	357,654	572,770	(552,272)
148,167	--	722	--	--	--
41,760	130,000	88,295	22,074	46,535	(178,493)
--	--	--	--	--	(70,404)
--	--	(6,558)	6,558	--	104,361
562,317	--	574,018	143,505	11,701	6,268
279,402	--	64,566	38,735	50,700	(34,496)
33,346	6,345	89,842	22,461	56,496	(15,416)
65,623	--	27,844	--	--	--
72,523	--	21,967	--	6,227	--
--	--	--	--	--	--
32,409	--	--	--	52	(4,976)
68,141	--	--	--	--	--
656,742	--	1,678,742	--	1,022,065	--
252,298	--	306,031	--	53,733	--
--	766,237	142,321	16,158	142,321	(750,079)
18,753	--	--	--	(18,753)	--
--	90,000	--	--	--	(90,000)
--	38,000	--	--	--	(38,000)
--	45,000	--	--	--	(45,000)
--	45,000	--	--	--	(45,000)
--	40,000	--	--	--	(40,000)
393,676	--	4,578	--	475,139	--
14,758	--	14,758	625,165	--	(3,410,560)
--	--	--	--	1,039,172	--
<u>4,193,485</u>	<u>1,300,582</u>	<u>4,910,776</u>	<u>1,312,840</u>	<u>3,905,717</u>	<u>(5,564,531)</u>
<u>4,193,485</u>	<u>1,300,582</u>	<u>4,910,776</u>	<u>1,312,840</u>	<u>3,905,717</u>	<u>(5,564,531)</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>U.S. DEPARTMENT OF TRANSPORTATION- NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Transportation and Development</u>					
<u>Passed through Capital Region</u>					
<u>Planning Commission</u>	121425				
Transportation Planning 2001-02	170..434101	20.505	PL-736-17-0325	\$ --	\$ --
Transportation Planning 2002-03	170..434101	20.505	PL-0011(26)	--	--
Public Input Transportation Program	170..434101	20.505	PL-736-17-0328	--	--
Capital City Inter-Modal Transportation	170..434101	20.505	01-07-00-82B-10	(1,840)	96,320
SUBTOTAL CFDA NUMBER 20.505				(1,840)	96,320
Total U.S. Department of Transportation - National Highway Traffic Safety Administration				(1,840)	96,320
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Military Affairs</u>	121126				
HMEP Grant Program	170..432103	20.703		--	--
Total U. S. Department of Transportation				--	--
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Social Services</u>	121109				
CDBG Weatherization Assistance	170..432602	81.042	00/03	70	--
<u>Passed through Louisiana</u>					
<u>Housing Finance Agency</u>	121119				
Weatherization Assistance Program	170..432401	81.042	2001	17,555	--
Weatherization Assistance Program	170..432401	81.042	2002	--	--
SUBTOTAL CFDA NUMBER 81.042				17,625	--
Total U.S. Department of Energy				17,625	--
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Social Services</u>	121109				
LAJET	170..432602	10.561	99/00	(809)	--
LAJET	170..432602	10.561	00/01	(105)	--
LAJET	170..432602	10.561	01/02	33,972	--
LAJET	170..432602	10.561	02/03	--	--
SUBTOTAL CFDA NUMBER 10.561				33,058	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued

SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 20,000	\$ --	\$ 20,000	\$ --	\$ --	\$ --
--	--	4,991	--	4,991	--
6,667	--	10,000	--	3,333	--
--	100,000	1,840	3,680	--	--
<u>26,667</u>	<u>100,000</u>	<u>36,831</u>	<u>3,680</u>	<u>8,324</u>	<u>--</u>
26,667	100,000	36,831	3,680	8,324	--
--	--	5,566	--	5,566	--
--	--	5,566	--	5,566	--
--	--	(70)	--	--	--
29,500	--	11,945	--	--	--
--	--	42,534	--	42,534	--
<u>29,500</u>	<u>--</u>	<u>54,409</u>	<u>--</u>	<u>42,534</u>	<u>--</u>
29,500	--	54,409	--	42,534	--
(809)	--	--	--	--	--
(965)	--	(860)	--	--	--
184,373	--	150,401	--	--	--
--	--	59,919	--	59,919	--
<u>182,599</u>	<u>--</u>	<u>209,460</u>	<u>--</u>	<u>59,919</u>	<u>--</u>

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>U.S. DEPARTMENT OF AGRICULTURE (CONTINUED)</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Education</u>	121110				
Juvenile Detention Food Service	001..432106	10.558	01	\$ 4,744	\$ --
Juvenile Detention Food Service	001..432106	10.558	02	--	--
Headstart Food 2001-02	160..432607	10.558	01/02	136,069	--
Headstart Food 2002-03	160..432607	10.558	02/03	--	--
SUBTOTAL CFDA NUMBER 10.558				140,813	--
Summer Food	121110 170..432607	10.559	02	--	--
Total U.S. Department of Agriculture				173,871	--
<b><u>U.S. DEPARTMENT OF EDUCATION - REHABILITATION SERVICE ADMINISTRATION</u></b>					
<u>Passed through Louisiana</u>					
<u>Office of State Libraries</u>	121121				
State Aid to Public Libraries	170..432501	84.034	01/02	(2,325)	--
State Aid to Public Libraries	170..432501	84.034	02/03	--	--
State Aid to Public Libraries	170..432501	84.034	01/02	(78,163)	--
SUBTOTAL CFDA NUMBER 84.034				(80,488)	--
Total U.S. Department of Education - Rehabilitation Service Administration				(80,488)	--
<b><u>U.S. DEPARTMENT OF LABOR</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Labor</u>					
Job Training Partnership Act:	121118				
Title IIA	161..432604	17.250	PY-99/00-21 IIA	(167)	--
Title IIA 5% Incentive Funds	161..432604	17.250	PY-99/00-21 5%	2,041	--
SUBTOTAL CFDA NUMBER 17.250				1,874	--
Title IIIF	161..432604	17.246	PY 99/00-21 IIIF	(624)	--
Welfare-To-Work	161..432604	17.253	PY 98/01-21 W-T-W	4,400	--
Welfare-To-Work	161..432604	17.253	PY 99/02-21 W-T-W	87,129	--
SUBTOTAL CFDA NUMBER 17.253				91,529	--
WIA- Administration	161..432604	NA	FY2001	29,829	--
WIA- Administration	161..432604	NA	PY2001	--	--
WIA- Administration	161..432604	NA	FY2002	--	--
SUBTOTAL CFDA NUMBER NA				29,829	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued

SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 4,744	\$ --	\$ --	\$ --	\$ --	\$ --
49,804	--	52,612	--	2,808	--
681,981	(28,953)	545,912	(28,953)	--	--
--	--	257,897	--	257,897	--
736,529	(28,953)	856,421	(28,953)	260,705	--
861,106	--	879,966	--	18,860	--
1,780,234	(28,953)	1,945,847	(28,953)	339,484	--
--	--	--	--	(2,325)	--
92,113	--	--	--	(92,113)	--
--	--	78,163	--	--	--
92,113	--	78,163	--	(94,438)	--
92,113	--	78,163	--	(94,438)	--
(167)	--	--	--	--	--
55,235	--	53,194	--	--	--
55,068	--	53,194	--	--	--
(624)	--	--	--	--	--
5,962	--	1,562	--	--	--
645,592	--	632,423	--	73,960	--
651,554	--	633,985	--	73,960	--
58,977	--	29,148	--	--	--
201,023	--	205,006	--	3,983	--
17,644	--	58,585	--	40,941	--
277,644	--	292,739	--	44,924	--

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>U.S. DEPARTMENT OF LABOR</u></b>					
<b><u>(CONTINUED)</u></b>					
WIA-Adult Program	161..432604	17.258	FY2001	\$ 216,563	\$ --
WIA-Adult Program	161..432604	17.258	PY2001	18,107	--
WIA-Adult Program	161..432604	17.258	PY2002	--	--
WIA-Adult Program	161..432604	17.258	PY2001	--	--
SUBTOTAL CFDA NUMBER 17.258				234,670	--
WIA-Youth Program	161..432604	17.259	PY 2000	108,334	--
WIA-Youth Program	161..432604	17.259	PY2001	--	--
SUBTOTAL CFDA NUMBER 17.259				108,334	--
WIA-Dislocated Workers	161..432604	17.260	FY2001	167,801	--
WIA-Dislocated Workers	161..432604	17.260	PY2001	--	--
WIA-Dislocated Workers	161..432604	17.260	FY2002	--	--
WIA-Tropical Storm Allison	161..432604	17.260	PY 2001	46,148	--
SUBTOTAL CFDA NUMBER 17.260				213,949	--
Total U.S. Department of Labor				679,561	--
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>					
<b><u>Direct Programs:</u></b>	121005				
Local Law Enforcement Block Grant	165..431103	16.592	2001-LB-BX-3694	(759,743)	(84,416)
Local Law Enforcement Block Grant	167..431103	16.592	2002-LB-BX-2799	--	--
SUBTOTAL CFDA NUMBER 16.592				(759,743)	(84,416)
Partnership To Reduce Juvenile Gun Violence	170..431103	16.541	97-MU-FX-K004	3,676	--
Drug-Free Communities Program	170..431103	16.729	2001-JN-FX-0031	2,922	--
Community Policing - Cops More	170..431103	16.710	96-CI-WX-0046	--	(10,001)
Project Safe Neighborhood	170..431103	16.609		--	--
<b><u>Passed through Louisiana Commission on Law Enforcement</u></b>					
	121116				
Drug Abuse Resistance Education	170..432102	16.579	E02-5-001	31,561	--
Drug Abuse Resistance Education	170..432102	16.579	E03-5-004	--	--
Police Electronic Equipment Enhancement	170..432102	16.579	P02-5-018	--	--
Integrated Criminal Apprehension (ICAP)	170..432102	16.579	B01-5-006	--	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued



SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND ADJUSTMENTS	LOCAL EXPENDITURES AND ADJUSTMENTS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 227,008	\$ --	\$ 10,445	\$ --	\$ --	\$ --
269,908	--	251,801	--	--	--
52,389	--	135,762	--	83,373	--
807,455	--	807,455	--	--	--
1,356,760	--	1,205,463	--	83,373	--
171,797	--	63,463	--	--	--
884,395	--	1,216,084	--	331,689	--
1,056,192	--	1,279,547	--	331,689	--
339,988	--	172,187	--	--	--
338,041	--	338,041	--	--	--
532,573	--	610,734	--	78,161	--
586,717	--	550,667	--	10,098	--
1,797,319	--	1,671,629	--	88,259	--
5,193,913	--	5,136,557	--	622,205	--
--	--	450,515	50,057	(309,228)	(34,359)
--	17,505	--	--	--	(17,505)
--	17,505	450,515	50,057	(309,228)	(51,864)
3,676	--	--	--	--	--
84,463	--	85,107	--	3,566	--
--	--	--	--	--	(10,001)
--	--	5,077	--	5,077	--
66,049	--	34,488	--	--	--
--	--	14,991	--	14,991	--
971	--	971	--	--	--
60,906	28,334	85,000	28,334	24,094	--

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>NAME OF GRANTS &amp; SOURCES</u>	<u>CODE NUMBERS</u>	<u>FEDERAL CFDA NUMBERS</u>	<u>GRANT NUMBERS</u>	<u>ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>					
<b><u>(CONTINUED)</u></b>					
Constable DARE Grant	170..432102	16.579	E02-5-002	\$ --	\$ --
Constable DARE Grant	170..432102	16.579	E03-5-003	--	--
City Constable Electronic Equipment	170..432102	16.579	P02-5-021	--	--
Street Sales Disruption	170..432102	16.579	B00-5-015	22,462	(136)
SUBTOTAL CFDA NUMBER 16.579				54,023	(136)
Juvenile Accountability Block Grant	170..432102	16.523	A99-8-019	1,214	--
Juvenile Accountability Block Grant	170..432102	16.523	A00-8-019	52,716	(25,706)
Juvenile Accountability Block Grant	170..432102	16.523	A01-8-019	--	--
SUBTOTAL CFDA NUMBER 16.523				53,930	(25,706)
Total U.S. Department of Justice				(645,192)	(120,259)
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>					
<b><u>Direct Programs:</u></b>	121011				
EPA Wetlands Grant	170..431605	66.461	CD-986221-01-0	323	--
EPA Brownsfield Pilot Program Grant	170..431605	66.811	BP-98661401-0	2,691	--
Watershed Protection Roundtable Workshop	170..431605	66.606	X-986900-01-01	--	--
Total U. S. Environmental Protection Agency				3,014	--
<b><u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u></b>					
	121023				
High Intensity Drug Trafficking Area	170..431104	99.999999		--	--
High Intensity Drug Trafficking Area	170..431104	99.999999	I1PGCP509	9,469	--
Total Office of National Drug Control Policy				9,469	--
<b><u>FEDERAL HIGHWAY ADMINISTRATION &amp; PRIVATE DONATIONS</u></b>					
	121015				
ATM/EOC Building Dedication	170..431203				
Reimbursement		99.999999		--	--
Total Federal Highway Administration & Private Donations				--	--
TOTAL FEDERAL GRANTS				\$ 4,606,659	\$ (7,045,259)

See Notes to Schedule of Expenditures of Federal Awards.

SCHEDULE A  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 18,389	\$ --	\$ 18,389	\$ --	\$ --	\$ --
2,645	--	--	--	(2,645)	--
970	--	970	--	--	--
22,462	--	--	136	--	--
<u>172,392</u>	<u>28,334</u>	<u>154,809</u>	<u>28,470</u>	<u>36,440</u>	<u>--</u>
1,214	--	--	--	--	--
293,067	--	240,351	25,706	--	--
66,533	38,095	93,795	10,422	27,262	(27,673)
<u>360,814</u>	<u>38,095</u>	<u>334,146</u>	<u>36,128</u>	<u>27,262</u>	<u>(27,673)</u>
<u>621,345</u>	<u>83,934</u>	<u>1,029,654</u>	<u>114,655</u>	<u>(236,883)</u>	<u>(89,538)</u>
--	--	(323)	--	--	--
<u>32,604</u>	<u>--</u>	<u>51,783</u>	<u>--</u>	<u>21,870</u>	<u>--</u>
25,843	--	25,843	--	--	--
<u>58,447</u>	<u>--</u>	<u>77,303</u>	<u>--</u>	<u>21,870</u>	<u>--</u>
5,000	--	5,000	--	--	--
9,469	--	--	--	--	--
<u>14,469</u>	<u>--</u>	<u>5,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>6,078</u>	<u>2,300</u>	<u>6,078</u>	<u>2,300</u>	<u>--</u>	<u>--</u>
<u>6,078</u>	<u>2,300</u>	<u>6,078</u>	<u>2,300</u>	<u>--</u>	<u>--</u>
<u>\$ 38,685,550</u>	<u>\$ 4,088,285</u>	<u>\$ 39,146,592</u>	<u>\$ 4,340,333</u>	<u>\$ 5,067,701</u>	<u>\$ (6,793,211)</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

NAME OF GRANTS & SOURCES	CODE NUMBERS	FEDERAL CFDA NUMBERS	GRANT NUMBERS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001	
				GRANTOR	LOCAL
<b><u>FEDERAL GRANTS</u></b>					
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
<u>Direct Programs:</u>					
<u>Federal Transit Administration:</u>	121003				
Capital Assistance - 1988	402..431202	20.507	LA-90-0079	\$ --	\$ (35,215)
Planning - 2000	402..431202	20.507	LA-90-2217	21,712	--
Planning - 2001	402..431202	20.507	LA-90-2226	(1)	--
Capital Assistance - 1997	402..431202	20.507	LA-90-0183	7,007	(92,736)
Capital Assistance - 1998	402..431202	20.507	LA-90-0198	--	(76,009)
Capital Assistance - 1999	402..431202	20.507	LA-90-0208	--	(48,095)
Capital Assistance - 2000	402..431202	20.507	LA-90-0217	449,531	(14,470)
Capital Assistance - 2001	402..431202	20.507	LA-90-0226	268,174	(170,820)
SUBTOTAL CFDA NUMBER 20.507				746,423	(437,345)
Total U.S. Department of Transportation- FTA				746,423	(437,345)
<u>Direct Programs:</u>					
<u>Federal Aviation Administration:</u>	482..121007				
Test Home Project	482..431219	20.106	3-22-0006-32	729,536	--
Noise Compatibility Project		20.106	3-22-0006-33	1,126	--
Taxiway F - Engineering Phase		20.106	3-22-0006-34	828	--
Terminal Development		20.106	3-22-0006-35	128,830	--
Noise Mitigation - Zion City		20.106	3-22-0006-36	39,135	--
Terminal Development		20.106	3-22-0006-37	205,030	--
Rehabilitation of ARFF Building/ARFF Vehicle		20.106	3-22-0006-38	267,563	--
Sound Insulation 110 Residents		20.106	3-22-0006-40	43,319	--
Land Acquisition/Relocation Assistance		20.106	3-22-0006-39	1,644	--
Construction New Access Road		20.106	3-22-0006-41	(1)	--
Relocate Electrical Vault		20.106	3-22-0006-43	1,454	--
Soundproof Sixty Residences		20.106	3-22-0006-42	63,989	--
Construct Access Road Phase I		20.106	3-22-0006-44	344,287	--
Sound Insulate Residences		20.106	3-22-0006-45	29,264	--
Engineered Material Arresting System		20.106	3-22-0006-46	26,396	--
Rehabilitate Portion of South G. A. Apron		20.106	3-22-0006-47	45,613	--
Noise Mitigation within the 65 DNL Contour		20.106	3-22-0006-48	563,987	--
Rehabilitate Taxiway "F" and East G. A. Apron		20.106	3-22-0006-49	339,020	--
Aircraft Rescue and Firefighting Vehicle		20.106	3-22-0006-50	585,450	--
Soundproof 65-69 DNL Noise		20.106	3-22-0006-51	31,570	--
Install Engineered Material Arresting System		20.106	3-22-0006-52	--	--
Acquire ILEAV Equipment		20.106	3-22-0006-53	29,462	--
Rehabilitate Runway 4L-22R. Phase I		20.106	3-22-0006-54	--	--
Compensation for Portion of Security After 9/11/01		20.106	3-22-0006-55	--	--
Residences & Easements within 65-69 DNL		20.106	3-22-0006-56	--	--
Rehabilitate Runway 4L-22R, Phase II		20.106	3-22-0006-57	--	--
SUBTOTAL CFDA NUMBER 20.106				3,477,502	--
Total U.S. Department of Transportation - FAA				3,477,502	--

See Notes to Schedule of Expenditures of Federal Awards.

Continued

## SCHEDULE B

GRANT AND CONTRACT REVENUES RECEIVED	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND ADJUSTMENTS	LOCAL EXPENDITURES AND ADJUSTMENTS	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2002	
				GRANTOR	LOCAL
\$ 32,639	\$ 17,846	\$ 32,639	\$ 28,685	\$ --	\$ (24,376)
79,265	--	58,202	--	649	--
97,794	--	99,394	--	1,599	--
255,318	--	248,303	62,075	(8)	(30,661)
263,208	--	271,180	67,795	7,972	(8,214)
3,960	--	7,280	1,821	3,320	(46,274)
449,529	--	--	--	2	(14,470)
275,435	--	7,317	1,763	56	(169,057)
1,457,148	17,846	724,315	162,139	13,590	(293,052)
1,457,148	17,846	724,315	162,139	13,590	(293,052)
--	--	2,772	--	732,308	--
--	--	--	--	1,126	--
--	--	--	--	828	--
--	--	(11,328)	--	117,502	--
--	--	--	--	39,135	--
--	--	--	--	205,030	--
--	--	--	--	267,563	--
--	--	15,469	--	58,788	--
--	--	28,611	--	30,255	--
--	--	--	--	(1)	--
1,454	--	182,154	--	182,154	--
--	--	180	--	64,169	--
--	--	--	--	344,287	--
118,542	--	105,378	--	16,100	--
237,062	--	277,053	--	66,387	--
962,714	--	1,245,687	--	328,586	--
1,889,704	--	1,342,533	--	16,816	--
2,247,971	--	1,964,982	--	56,031	--
585,450	--	--	--	--	--
2,076,466	--	2,527,860	--	482,964	--
2,858,306	--	2,858,306	--	--	--
64,713	--	35,251	--	--	--
539,685	--	677,853	--	138,168	--
89,766	--	89,766	--	--	--
610,136	--	673,777	--	63,641	--
59	--	328,629	--	328,570	--
12,282,028	--	12,344,933	--	3,540,407	--
12,282,028	--	12,344,933	--	3,540,407	--

Continued

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>NAME OF GRANTS &amp; SOURCES</u>	<u>CODE NUMBERS</u>	<u>FEDERAL CFDA NUMBERS</u>	<u>GRANT NUMBERS</u>	<u>ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES DECEMBER 31, 2001</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
<b><u>FED. EMERGENCY MANAGEMENT AGENCY</u></b>					
<u>Passed through Louisiana</u>					
<u>Department of Military Affairs</u>	121126				
Civil Defense Personnel and Administrative - 2000	001..432103	83.503		\$ --	\$ --
Civil Defense Personnel and Administrative - 1999	001..432103	83.503		16,833	--
SUBTOTAL CFDA NUMBER 83.503				16,833	--
Total Fed. Emergency Management Agency				16,833	--
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>					
<u>Direct Programs:</u>	121011				
Wastewater Systems Improvements	429..431605	66.606	XP986109-01-0	--	(893,506)
Wastewater Systems Improvements	429..431605	66.606	XP98635001-0	624,549	(598,686)
Wastewater Systems Improvements	429..431605	66.606	XP986109-01-0	203,562	(196,009)
Wastewater Systems Improvements	429..431605	66.606	XP986910-10-0	--	(633,518)
SUBTOTAL CFDA NUMBER 66.606				828,111	(2,321,719)
Total U. S. Environmental Protection Agency				828,111	(2,321,719)
TOTAL FEDERAL GRANTS				\$ 5,068,869	\$ (2,759,064)

The above grants do not accrue in accordance with NCGA Statement 2; therefore, are reported separately.

See Notes to Schedule of Expenditures of Federal Awards.

SCHEDULE B  
(Continued)

GRANT AND CONTRACT REVENUES <u>RECEIVED</u>	GRANTEE MATCHING CONTRIBUTION MISCELLANEOUS REVENUES	FEDERAL EXPENDITURES AND <u>ADJUSTMENTS</u>	LOCAL EXPENDITURES AND <u>ADJUSTMENTS</u>	ACCRUED (DEFERRED) GRANT AND CONTRACT REVENUES <u>DECEMBER 31, 2002</u>	
				<u>GRANTOR</u>	<u>LOCAL</u>
\$ 50,578	\$ --	\$ 69,959	\$ --	\$ 19,381	\$ --
16,833	--	--	--	--	--
67,411	--	69,959	--	19,381	--
67,411	--	69,959	--	19,381	--
36,902	--	313,774	256,724	276,872	(636,782)
690,973	--	136,670	111,821	70,246	(486,865)
377,128	--	173,566	142,008	--	(54,001)
450,545	--	532,391	435,593	81,846	(197,925)
1,555,548	--	1,156,401	946,146	428,964	(1,375,573)
1,555,548	--	1,156,401	946,146	428,964	(1,375,573)
<u>\$ 15,362,135</u>	<u>\$ 17,846</u>	<u>\$ 14,295,608</u>	<u>\$ 1,108,285</u>	<u>\$ 4,002,342</u>	<u>\$ (1,668,625)</u>

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Year Ended December 31, 2002**

**Note A - General**

The City-Parish Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, (the City-Parish). All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other government agencies.

**Note B - Basis of Accounting**

The City-Parish Schedule of Expenditures of Federal Awards is presented using the modified or full accrual basis of accounting, which is described in note 1 to the City-Parish's financial statements for the year ended December 31, 2002. Schedule A details federal awards recorded in governmental fund types wherein revenues are recognized to the extent of expenditures (modified accrual). Schedule B details federal awards for proprietary fund types where government subsidies or contributions are recorded (full accrual accounting).

**Note C - Relationship to Federal Financial Reports**

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

**Note D - Subrecipients**

Concerning the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City-Parish provided federal awards to subrecipients on the following:

<u>Program: Title</u>	<u>CFDA</u>	Amount Provided to <u>Subrecipient</u>
Workforce Investment Act Youth Program	17.257	\$ 1,279,547



**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

**A. Summary of Auditors' Results:**

- [a] The type of report issued on the financial statements: unqualified opinion
- [b] Reportable conditions in internal control were disclosed by the audit of the Financial Statements: none reported Material weaknesses: no
- [c] Noncompliance which is material to the financial statements: no
- [d] Reportable conditions in internal control over major programs: yes Material weaknesses: no
- [e] The type of report issued on compliance for major programs: unqualified opinion
- [f] Any audit findings which are required to be reported under Section 510 (a) of OMB Circular A-133: yes
- [g] Major programs:
  - U.S. Department of Housing and Urban Development  
Community Development Block Development  
C.F.D.A. Number 14.218
  - U.S. Department of Housing and Urban Development  
Home Investment Partnership Program  
C.F.D.A. Number 14.239
  - U.S. Department of Labor  
Workforce Investment Act Cluster  
C.F.D.A. Number 17.258 -17.260
  - U.S. Department of Agriculture  
Child and Adult Care Food Program  
C.F.D.A. Number 10.558
  - U.S. Department of Transportation  
Airport Improvement Program  
C.F.D.A. Number 20.106
- [h] Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,603,266
- [i] Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

**B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None

**C. Findings and Questioned Cost relating to Major Federal Award Programs:**

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

**17.258-60 Workforce Investment Act (WIA)**

**2002-1) Procurement, Allowable Costs**

***Questioned Costs: \$2,550***

**Criteria:** Program regulations state that benefits are to be disbursed on behalf of eligible recipients through the use of individual training accounts (ITA's) established for each recipient. The local WIA Board designed the program to employ the use of these accounts and has set the account limit for each individual at \$10,000. Although not specifically stated in the regulations, it can be reasonably implied that the Program should have an accounting system that ensures proper posting and tracking of ITA's.

**Condition:** The Program's administration employs a spreadsheet in tracking amounts available and paid for each participant's account. In our tests of the spreadsheet, we found two benefit payments which were not posted to the individual's account (one account out of 15 tested). Those two benefit payments totaled \$ 2,550.

The underlying condition that caused this lack of posting is the manual nature of the spreadsheet. While manual accounting records are often adequate, they must undergo certain internal control procedures to help ensure accuracy and completeness, such as independent review and reconciliation to the general ledger. Such internal control procedures were not being performed. Additionally, the spreadsheet lacked the ability to provide a detail of activity posted to the accounts.

**Effect:** The Program could potentially pay an amount in excess of the participant's allotted amount and be unaware of the overpayment.

**Recommendation:** It is acknowledged that the designed spreadsheet has served the program's administration well in their tracking of the accounts thus far and that most accounts tested appeared to include all benefit payments. However, improvements to the system/spreadsheet need to be made. We suggest several methods of tracking the accounts:

- ▶ Set-up each participant account as a sub-account in the general ledger with a budget up to \$10,000.
- ▶ Design or purchase software that is capable of tracking participants' accounts and portraying a detailed transaction history (not unlike a bank statement or other credit type account). Reconcile the accounts in total to the general ledger on a monthly basis.
- ▶ Continue the use of the spreadsheet (redesigned to allow identification of the monthly postings across all accounts), reconciling the transactions each month to the general ledger and performing supervisory review of the spreadsheet on a monthly basis.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

*Management Response:* At the present time we are in the process of negotiating the purchase of software, Mach Link Plus, which has the ability to track individual customer expenditures. The implementation of this software along with working with the City-Parish should give the internal control procedures to ensure accuracy and completeness in tracking expenditures for each customer's Individual Training Account. This should be implemented by September 30, 2003.

**2002-2) Earmarking**

***Questioned Costs: \$30,000***

**Criteria:** A local area grant recipient may spend no more than 10% of the grant on administrative costs.

**Condition:** The Program has established a separate administrative department (separate and distinct from the program department) in part, to aid in distinguishing administrative costs from program costs. The administration department's operating costs are budgeted at 10% of the grant amount. This department performs most of the administrative functions of executing the program (accounting, procurement, monitoring, etc.). However, we noted during the performance of our auditing procedures that a fiscal specialist position is funded under the program department. It is our understanding that the duties of the fiscal specialist are administrative in nature.

**Effect:** The administration department expends its budget for every program year. This fulfillment is ensured through allowed carryover of available funds to subsequent program years, and a practice of charging funds to the earliest available grant (first in - first out). Since the 01-02 program year budget of the department was expended in full, the compensation of the fiscal specialist, if charged to the administrative budget on a first in - first out basis, would have caused the program to exceed its budget (10% of the total grant). The questioned costs of \$30,000 is approximately equal to the fiscal specialist's salaries and benefits for the program year ended June 30, 2002.

**Recommendation:** The costs of all administrative positions and functions should be budgeted in the administration department. Those costs should not exceed the 10% threshold.

*Management Response:* We disagree with this finding. The placing of the Senior Fiscal Specialist in the administrative office of the Department of Social Services was in adherence of the Federal Register's request for the WIA administrative function and the WIA programmatic function to have a distinct separation. This employee does not perform any management or administrative functions.

*In 1999 and 2000, considerable discussion took place with the State and Federal representatives. It was concluded that some functions that were for the direct benefit of the customer were allowable program costs. Section 667.220(5)(V) allows for supportive services to be charged to program cost. We are requesting clarification on this matter from the State Department of Labor.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

**2002-3) Allowable Costs**

***Questioned Costs: \$7,500***

**Criteria:** Compensation costs must be adequately documented and must be supported by after-the-fact time records reflecting actual time worked.

**Condition:** As part of its adult and dislocated worker programs, the City pays participants (if the participant so elects) a stipend which counts against their ITA. In the course of our audit and through discussions with the City-Parish's internal auditing department, we became aware of instances of known payroll fraud with regard to the stipends. These instances were the result of falsified time and class attendance records on the part of two participants. Administrative personnel promptly responded to these instances by notifying the internal audit (IA) department and appropriate law enforcement. The City is pursuing prosecution of the two participants.

The City-Parish's internal audit department conducted an audit of the stipend payment process in 2001, upon learning of the above fraud. In that audit, the IA department noted several deficiencies in internal control over the payroll stipend process. Although the audit report has not yet been finalized, the IA department reviewed the findings and the weaknesses in internal control with program personnel in March 2002, and recommended certain actions be taken to remedy the weaknesses. During the performance of our audit procedures, we noted areas in which internal controls could be enhanced, some of which were mentioned in the internal audit department's audit. Those issues consist of:

- ▶ Tardy submission of time records and processing thereof (several weeks' timesheets may be paid at one time, and some of those timesheets represent a work period prior to the current payroll period).
- ▶ Mathematical and critical review errors. One individual was paid for attendance indicated on the timesheet for a date that was actually a holiday.
- ▶ A lack of review of timesheets/attendance records by the caseworkers.
- ▶ A lack of segregation of duties

**Effect:** The amount determined to be paid under false pretenses in 2001 was approximately \$7,500. However, if improvements are not made to remedy the internal control issues noted above, the program could be at risk of future instances of fraud.

**Recommendation:** As a result of the occurrences of fraud, the City's Internal Auditing department has designed certain procedures specifically for processing stipend payments, including channels for receipt of time records, review by program personnel, and separation of duties. While some of those recommendations have been implemented, we recommend that all of those recommendations be placed in operation as soon as possible and that they be applied in their entirety.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

*Management Response: The Internal Auditing Department did make recommendations and some were implemented. The balance will be implemented immediately.*

*We have developed a new process for calculating and payment of stipends. The amount will be calculated on actual hours spent in training. The customer will receive 35% of the calculated amount when 50% of training is completed and verified by the training provider. Another 35% will be paid when the customer completes training and receives a credential. The balance, 30%, will be paid at the satisfactory completion of follow-up, which is approximately 12 months after completion of training.*

*This new procedure must be approved by the Baton Rouge Workforce Investment Board. Their next meeting is scheduled for June 17, 2003. If approved, this new procedure will be implemented on July 1, 2003, for all new customers. Existing customers will receive stipends under the old method but will be phased out as customers exit the program.*

**2002-4) Allowable Costs**

***Questioned Costs: Undetermined***

**Criteria:** OMB Circular A-87 indicates that for employees that work on multiple federal programs, compensation must be supported by after-the-fact time distribution records, indicating the amount of time spent on each program. Exceptions to the process of using time distribution records must be approved by the granting agency.

**Condition:** The Program's employees spend time on several different programs. Compensation costs are charged to those programs based upon a set percentage that represents an estimate of the time expended, rather than time distribution records as required by OMB Circular A-87.

**Effect:** While the percentages used to charge compensation costs to the various programs do not appear unreasonable, the Program is in technical violation of the cost standards.

**Recommendation:** Absent a written approval from the granting agency, all compensation costs charged to the program should be supported by after-the-fact time distribution records.

*Management Response: We will institute the use of daily time sheets that will identify which program was worked on. The budget will be prepared as per a time allocation plan and reconciled back to the time sheet on a monthly basis. We will forward this procedure to the Louisiana Department of Labor for their approval.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

**10.558 Child and Adult Care Food Program (Head-Start Food)**

**2002-5) Allowable Costs**

***Questioned Costs: Undetermined***

**Criteria:** CFR section 226.15 (e) requires that institutions operating a CACFP must maintain documentation regarding various aspects of program administration including those regarding eligibility, participant application, attendance and number of meals served by category and type. Grants funds are to be paid to the grantee based upon the number of meals served applied to a pre-determined rate per meal.

**Condition:** The reimbursement requests that were selected as part of our tests appear to have been based upon attendance records rather than actual meal counts. In the auditor's tests of 25 days of meals served selected from among 5 different centers, only one contained a difference between the number of breakfasts, lunches and snacks served and the number of children in attendance. A further review of the attendance records for the centers not included in our original audit tests revealed few, if any, differences between those records and the number of meals served. A certain number of discrepancies between these records would be expected due to children arriving late or departing early.

**Effect:** The program may be non-compliant with the program regulations which require reimbursement of program dollars based upon the actual number of meals served. It is acknowledged, however, that the difference of any over (or under) reimbursement of federal funds is unlikely to be material, given the fact that substantially all children attending will receive a breakfast, lunch and snack or some combination thereof.

**Recommendation:** Reimbursement requests should be prepared based upon the actual number of meals served.

**Management Response:** *East Baton Rouge Parish Head Start believes we have demonstrated compliance with CACFP section 226.15. Our daily meal counts are called in each day only from our six satellite centers and the numbers given are recorded on the menu worksheet which is maintained for three years. The completed menu worksheets are maintained at each center and are available upon audit request. This procedure is accepted under USDA/CACFP 226.15. The USDA/CACFP uses the actual number of meals recorded on the menu worksheets as proof of the number of meals served. These numbers are used to request reimbursement.*

*Attendance reports are not used for verification of meal counts, an actual plate count is used to verify number of meals served daily.*

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

2002-6) Procurement

***Questioned Costs: Undetermined***

Criteria:	The A-102 Common Rule and the program regulations prohibit the application of local geographic preference, even if prescribed by state law, in the awarding of contracts involving federal funds.
Condition:	The standardized contract used in awarding food contracts allows the City-Parish to apply local geographic preference in the awarding of food contracts.
Effect:	In our audit procedures, we did not find any instances where the local geographic preference was actually applied; in fact, we observed an instance in which a contract was awarded to an out-of-state vendor. There is, therefore, no current effect on compliance.
Recommendation:	For this program and for any other federal program which may use this standardized contract, the City-Parish should eliminate the contract clause that allows for local geographic preference.
Management Response:	<i>There are no geographical preferences given vendors of the East Baton Rouge Parish Head Start.</i>

**20.106 Airport Improvement Program**

2002-7) Davis-Bacon Act

***Questioned Costs: Undetermined***

Criteria:	When required by the Davis-Bacon Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal DOL. To ensure that contractors and subcontractors are in compliance with Davis-Bacon Act, grantee personnel must monitor the weekly payrolls of all contractors and subcontractors employed on applicable programs.
Condition:	Two vendors tested for compliance with the Davis-Bacon Act did not submit certified payrolls on a weekly basis. We noted that certified payrolls which were submitted were reviewed by Airport personnel for compliance with wage rate requirements, but no procedures were in place to ensure that all required certified payrolls required by law were submitted on a timely (weekly) basis.
Effect:	A contractor or subcontractor could be paying rates below the required wage rates without the Airport's knowledge. Timely review and correction of any problems cannot be completed if the payrolls are not submitted weekly.
Recommendation:	The Airport should require all contractors to submit weekly payroll data and reconcile all payroll reports to the monthly pay estimate report to ensure that all weekly payrolls are indeed submitted.

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2002**

*Management Response:*                      *In December 2002, Airport personnel sent letters to all contractors and their subs reminding them of their responsibility to submit weekly payrolls. The Airport will send registered letters to all contractors with another reminder to submit their payrolls.*

*Also, the Airport has developed a form, which details the payrolls by contractor and payroll period. This form will be checked weekly to ensure that all payrolls have been received.*

**2002-8) Suspension & Debarment**

***Questioned Costs: Undetermined***

**Criteria:**                                      Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Contractors receiving individual awards for \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. The non-Federal entities may rely upon the certification unless it knows that the certification is erroneous.

**Condition:**                                      The City-Parish has not obtained a certificate of non-debarment or suspension for three of the eight vendors selected for testing.

**Effect:**    The City-Parish may contract with a contractor that has been suspended or debarred from receiving federal contracts.

**Recommendation:**                                      The City-Parish should obtain non-suspension & debarment certificates on all contracts of the Airport Improvement Program (as well as all other federal programs) greater than \$100,000.

*Management Response:*                      *The Airport has received the certificates of non-debarment or suspensions from the three contractors who did not have them attached to their contracts. To ensure that these certificates are provided, the Airport has added this certificate to our contract documents.*





**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2001**

**17.255 Workforce Investment Act (WIA)**

**2001-1) Monitoring**

**Criteria:** As part of its monitoring responsibilities with regard to subrecipients, a pass-through or awarding entity is responsible for, among other things, ensuring that required audits are performed, reviewing the results of those audits, and requiring the subrecipient to take prompt corrective action for any findings of non-compliance.

**Condition:** While the grantee does obtain the required audit reports, it does not review the appropriate reports within the submitted audit reporting package that would reveal findings of non-compliance or internal control weaknesses over compliance.

**Effect:** The grantee would be unaware of any findings of non-compliance or internal control weaknesses and, therefore, would be unable to monitor prompt corrective action.

**Recommendation:** As well as reviewing the financial statements of the subrecipient and the audit report thereon, Workforce Investment Board administrative staff should review the related reports on compliance and internal control for major federal award programs and the Schedule of Findings and Questioned Costs, all of which should be included in the submitted audit reporting package. If findings have been reported, then corrective action plans for remedying the findings should be monitored.

**Management Response:** *The City-Parish Workforce Investment office has set up a policy/procedure whereby the Workforce Investment Board administrative staff will review the financial statements of the subrecipient/contractor and the audit reports therein, on compliance and internal control of major Federal award programs and the Schedule of Findings and Questioned Costs, all of which should be included. If findings have been reported, then a corrective action plan will be established and monitored for remedying the finding. If necessary, funding may be held up until corrective action takes place. This policy will be implemented immediately. We are in the process of reviewing contracts in place and will review the financials for all new contracts.*

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2001**

**Updated Management Response:**      *The Baton Rouge Workforce Investment Board staff continues to review the financial statements of the subrecipient/contractor and the audit reports therein, on compliance and internal control of major Federal award programs and the Schedule of Findings and Questioned Costs, all of which should be included. If findings have been reported, then a corrective action plan is established and monitored for remedying the finding. If necessary, funding is held up until corrective action takes place.*

**14.218 Community Development Block Grant**

**2001-2) Program Income**

**Criteria:**                      The OMB Common Rule requires program income received to be deducted from federal outlays unless the grant agreement or federal agency specifies alternative uses.

**Condition:**                      Program income, consisting primarily of loan repayments has not been used consistently on a first-in, first-out basis to offset draw-downs on the grant. Draw-downs occurred even though program income was available for use.

**Effect:**                              The grantee is out of compliance with the grants management provisions of the Common Rule and has in essence overdrawn the amount of funds needed in order to carry out the program. The balance of available program income as of December 31, 2001, was \$678,378.

**Recommendation:**              All draw-downs of grant funds should be offset by the balance of unused program income.

**Management Response:**              *The program income in question is that income received and applied to the housing loan program activity. Attached is a letter dated May 16, 2001, to the grantor agency, U.S. Housing and Urban Development. The City-Parish has requested clarification on the methodology of drawing-down funds for loans. When a response is received, we will take corrective action as instructed by the grantor agency.*

**Updated Management Response:**      *See Attachment A for HUD's response of October 30, 2002 which concluded that the first-in, first-out rule does not apply to the revolving fund.*

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2001**

2001-3) Program Income

**Criteria:** The OMB Common Rule encourages grantees to generate program income to defray the program costs.

**Conditions:** The grantee, while designing its program to collect program income by way of collection of loan repayments, lacks a formalized process and policy for pursuing collection of delinquent loan payments.

**Effect:** The grantee may be foregoing program income that it may have generated had such a formalized process and policy been established and followed.

**Recommendation:** The grantee should establish, in writing, the processes and procedures to follow in pursuing collection of delinquent loans. Grantee staff should then consistently adhere to the written policy and procedures and document compliance with those procedures.

**Management Response:** *Within sixty (60) days, the City-Parish Office of Community Development will complete and implement a written set of procedures for collection actions involving delinquent loans.*

**Updated Management Response:** *See Comment after 2001-4.*

2001-4) Program Income

**Criteria:** Program income should be recorded into the accounting records of the grantee on a timely basis.

**Conditions:** The primary tool used by the grantee to track and collect program income is the software used by the company that has been contracted to service the loans. This software generates monthly portfolio, collection and delinquency reports which are submitted to the grantee on a monthly basis. During our testing, we noticed that certain loans which had been disbursed from the grant funds did not appear on the servicer's December 2001 portfolio report. This indicates that the tested loans had not been entered into the servicer's accounting software on a timely basis.

**Effect:** The grantee may not be getting a true picture of the loans outstanding in the program and could potentially be unaware of program income due from borrowers if the servicer's monthly reports are not current and complete. Additionally, loan payments may be coming due without knowledge of the servicer who is responsible for collection of the loans. Timely billing may not occur if the loans are not entered into the servicer's loan accounting software.

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2001**

**Recommendation:** The grantee should develop procedures to ensure that loans disbursed are posted into the servicer's loan accounting software in a timely manner. Such procedures could include:

- a. Reconciliation of loans disbursed per the general ledger to the loan servicer's reports.
- b. Tickler system in loan files that would serve as a reminder to personnel to submit the information to the servicer.
- c. Review of the servicer's report for completeness and accuracy by program personnel.

**Management Response:** *The following corrective action will be taken by the City-Parish Community Development Office:*

- 1) *Loans closed each month will be submitted to the servicer on a set schedule at the end of each month. This will apply to loans closed in the month and for which the closing and receipt of complete final loan documents is on hand within 5 work days prior to the end of the month. (Timing on submission of the complete document copies to the servicer is partly dependent upon the timing for receipt of documents from closing attorneys. Loan documentation, for example, includes a copy of the recorded mortgage on the property. Recording into the official property records does not occur until after the closing of the loan.)*
- 2) *A loan portfolio report is received from the servicer monthly, generally by the 15<sup>th</sup> of each month. That report reflects all outstanding loans "booked" as of the end of the preceding month. A copy of each monthly portfolio report is already provided to the Loan Officer for review. We will revise our process as follows: After the report is compared with those loans submitted to the servicer, it will be annotated to indicate loans added to the servicer portfolio listing - noting whether each is correctly listed. A copy of each monthly reconciliation will be forwarded to Finance-Accounting. If any corrections are found to be necessary, OCD staff will notify the servicer and the correction monitored on the following report. A copy of OCD's list of loans that are pending set-up on the servicer's portfolio list will also be provided to Finance-Accounting for its use in reconciling with its general ledger.*

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2001**

***Updated Management Response:***

*Attachment B details the corrective action for 2001-3 and 2001-4. It is our understanding that the tracking procedures developed in response to the findings were adequate and included appropriate diligence procedures, but certain gaps were identified by the auditor in the implementation of those procedures. The following addresses those gaps.*

*1. Use of the OCD spreadsheet to track new posted loans against the loan servicer's report. The tested spreadsheet did not indicate supervisory review nor were updates being regularly entered on the spreadsheet. Supervisors and staff have been re-instructed to confirm with the update schedule specified in the tracking instructions. To better assure that updates are regularly and correctly entered, OCD has requested the Finance Department's assistance in reviewing the current spreadsheet on a quarterly basis.*

*2. Forbearance agreements not being obtained in writing. There are typically two forms of forbearance agreements: (1) one prepared by the loan servicer and which is signed by both the borrower and OCD; (2) one prepared between OCD and the borrower and submitted to the servicer. In the first instance, we know of no such case of an unsigned agreement. In the second case, forbearance has sometimes involved written correspondence from the borrower followed by a returned acknowledgment notice to the borrower. To tighten this process for OCD-prepared forbearance, the terms of a forbearance/repayment plan will be consolidated onto a single agreement document for signature by both parties.*

*3. Monitoring of payment plans submitted by borrowers. OCD does not necessarily concur that recent monitoring of borrower compliance with the plan is not being maintained. We tested one payment plan that we believe was tested in the audit. Our records indicate that the borrower made the promised payments. Rather, the entry was not made on the tracking schedule. While staff have been re-instructed to make appropriate monitoring entries on a timely basis, we have also requested Finance Department review in this area.*

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2001**

***4. Reconciliation of loan subsidiary listing against the general ledger. OCD attempted a reconciliation procedure as part of the loan tracking procedures that it initially developed. The procedure was found to be overly cumbersome and ineffective to its loan tracking. As a result, the loan tracking process was revised to its current form. OCD has requested that the Finance Department Accounting Division oversee the general ledger reconciliation. We believe that this would be more appropriate in that any errors or omissions from OCD entries may not be detected if the same agency is overseeing the reconciliation. OCD will provide the Finance Department with its monthly portfolio tracking spreadsheet, for quarterly or other periodic review by Finance.***

## *Attachment A*





## Office of Community Development

Division of Human Development and Services  
City of Baton Rouge  
Parish of East Baton Rouge

May 16, 2002

Mr. Gregory J. Hamilton  
CPD Director  
U.S. Department of Housing and Urban Development  
Hale Boggs Building  
501 Magazine St.  
8th Floor  
New Orleans, LA 70130

Dear Mr. Hamilton:

The annual single-audit for the City-Parish 2001 Fiscal year is in the process of being completed. During the course of the audit, the independent auditors raised a question concerning CDBG program income.

While the final audit report is not complete as of the date of this letter, it appears that the report will include a finding concerning the expenditure of CDBG program income prior to disbursement of entitlement funds.

The preliminary audit finding notes that program income has not been consistently used prior to drawdowns of entitlement funds, and refers to the OMB Common Rule that calls for program income to be deducted from federal outlays unless the grant agreement/federal agency specifies otherwise. As a corrective action, the preliminary audit comment recommends that grant funds be offset by the balance of unused program income.

The program income in question involves income from loan repayments. We use a revolving loan fund. Repayments on loans made with CDBG entitlement funds are deposited to a separate housing loan activity account and this repayment income is solely used to make additional housing loans. It is our office's understanding of CDBG regulations that the "first-use" of program income pursuant to a revolving fund does not apply to all CDBG drawdowns, but only to activities under the revolving fund.

The response that I prepared to the finding, for inclusion in the audit report, further describes our understanding of CDBG regulations on program income as it applies to a revolving fund. That response disagrees with the recommended corrective action to offset housing loan income under our revolving fund against all entitlement drawdowns. That response notes that we will first seek written clarification from HUD, and will then take corrective action, if so determined necessary, in accordance with HUD's response.

Thus, this letter is pursuant to our initial response to this audit finding and to request HUD's clarification on this matter. If there are any questions or additional information needed pursuant to this response, please contact me at (225) 389-3039.

Sincerely,

Al Gensler  
Urban Development Director

Post Office Box 1471, Baton Rouge, LA 70821-1471  
Tel: (225) 389-3039 FAX: (225) 389-3939 TDD: (225) 389-3082

Email: [ocd@ci.baton-rouge.la.us](mailto:ocd@ci.baton-rouge.la.us)  
Internet: <http://www.ci.baton-rouge.la.us/dept/ocd>



EQUAL HOUSING  
OPPORTUNITY

BUSINESS CONDUCTED IN ACCORDANCE WITH THE FEDERAL FAIR HOUSING LAW  
(TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968)



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Louisiana State Office  
Hale Boggs Federal Building  
501 Magazine Street, 9<sup>th</sup> Floor  
New Orleans, LA 70130-3099

RECEIVED

NOV 01 2002

OFFICE OF COMMUNITY PLANNING & DEVELOPMENT

OFFICE OF  
COMMUNITY DEVELOPMENT

OCT 30 2002

Mr. Al Gensler  
Director  
Office of Community Development  
P. O. Box 1471  
Baton Rouge, LA 70821

Dear Mr. Gensler:

Subject: Regulations on Community Development Block Grants  
(CDBG) Revolving Fund Program Income

We have received your letter dated May 16, 2002, requesting clarification on CDBG program income. Please accept our apology for this late response.

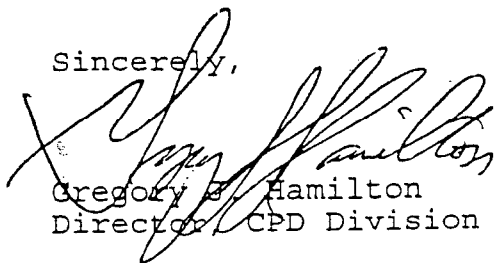
The OMB Common Rule does require program income received to be deducted from Federal outlays before any other funds are drawn down, unless the grant agreement or Federal agency specifies alternative uses. The Program income in question is income generated from the housing loan activity account. The City/Parish currently uses a revolving loan fund to record all loan repayments.

The revolving funds rule, under the Regulations at 24 CFR 570.500 (5) (b), states that a revolving fund is a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use of carrying out the same activities. The first-in, first-out rule, therefore, does not apply to the revolving fund.

We hope this will clarify the ruling of program income received from the revolving funds. The A-133 audit report was received on June 26, 2002, and was addressed under separate cover.

If there are any further questions, feel free to contact  
Ms. Nora Blake, Financial Analyst at (504) 589-7212 Extension  
3054.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory S. Hamilton". The signature is stylized with a large initial "G" and "H".

Gregory S. Hamilton  
Director CPD Division

## ***Attachment B***



## Office of Community Development

Division of Human Development and Services  
City of Baton Rouge  
Parish of East Baton Rouge

February 14, 2003

Mr. Gregory J. Hamilton  
CPD Director  
U.S. Department of Housing and Urban Development  
Hale Boggs Building  
501 Magazine St.  
8th Floor  
New Orleans, LA 70130

Dear Mr. Hamilton:

The following is in reference to 2001 Single-Audit findings concerning program income and in response to your 10/30/02 letter (copy enclosed) concerning these findings.

2001-3 (Written, formalized process for collection for collection of delinquent loan payments)

A copy of the Office of Community Development written procedures and guidelines for collection actions is enclosed.

2001-04 (Recording of loans onto accounting records on a timely basis.)

The process that was initially pursued to address this corrective action was found to be overly cumbersome and inefficient. The procedure was revised and a copy of the procedures being applied is enclosed. I also wish to note the following comments concerning this finding.

- 1) The audit report noted that the primary tool for tracking the loan portfolio is that of monthly reports from the loan servicer. While this is a primary tool, it is not the only one. The servicer's monthly reports reflect loans submitted to the servicer for servicing. The servicer reports are not the accounting records of the City-Parish. It has been our practice to annually submit to the Finance Department a copy of the servicer's year-end portfolio report to the Finance Department, and to also submit a supplemental year-end listing of loans that are not yet entered onto the servicer's report. While it is acknowledged that the process and review procedures could be improved, I believe that the combination of the two reports adequately provided a means of reconciling loan disbursements.
- 2) The greater majority of homebuyer loans are so-called "soft seconds", having deferred payments beginning 20 or more years into the future, and in the case of most rehab financing in connection with homebuyer loans, payments are typically deferred and forgiven over 15 years. As such, the timing for submission of the loans to the servicer for "warehousing" for future servicing has no impact on shorter term program income.

Post Office Box 1471, Baton Rouge, LA. 70821-1471  
Tel: (225) 389-3039 FAX: (225) 389-3939 TDD: (225) 389-3082

Email: [ocd@ci.baton-rouge.la.us](mailto:ocd@ci.baton-rouge.la.us)  
Internet: <http://www.ci.baton-rouge.la.us/dept/ocd>



EQUAL HOUSING  
OPPORTUNITY

BUSINESS CONDUCTED IN ACCORDANCE WITH THE FEDERAL FAIR HOUSING LAW  
(TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968)

Mr. Gregory Hamilton  
February 14, 2003  
Page 2

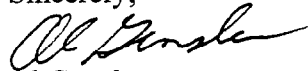
Some homebuyer loans do involve amortization payments that begin within a shorter period of time after purchase and loan closing. Our review of such loans under our former process found no occasions whereby timely billing to the borrower was delayed.

- 3) Loans are submitted to the servicer only when the loans require servicing. In some cases, such as rental housing rehab loans, financing involves a Collateral Mortgage, with loan disbursements occurring over time as construction is satisfactorily undertaken. Such development financing is subsequently converted to a permanent, amortizing mortgage loan after completion of the rehabilitation period. Such loans are not submitted to the servicer until the project is completed and the permanent mortgage loan is placed— as there is no loan payments and monitoring required of the servicer prior to that time. Such loans are tracked during project development in the individual project records.

Audit recommendations included that of a tickler system for submission of new loans to the servicer and a review of the servicer's report for completeness and accuracy by program staff. The need for an improved tickler system is acknowledged and the enclosed procedures address this matter. Copies of monthly servicer reports have routinely been provided to program staff for review. Prior to revising these procedures, what I considered as lacking in this regard was written verification that individual loans had been reviewed and confirmed for accuracy. This matter is addressed as a part of the tickler system that has been established.

If there are any questions concerning this, please contact me at (225) 389-3039.

Sincerely,



Al Gensler  
Urban Development Director

Enclosures



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Louisiana State Office  
Hale Boggs Federal Building  
501 Magazine Street, 9<sup>th</sup> Floor  
New Orleans, LA 70130-3099

OFFICE OF COMMUNITY PLANNING & DEVELOPMENT

OCT 30 2002

Honorable Bobby Simpson  
Mayor/President of Baton Rouge and  
East Baton Rouge  
P. O. Box 1471  
Baton Rouge, LA 70821

Dear Mayor Simpson:

Subject: Audit reports for the Years ended December 31, 2000  
and December 31, 2001

We have received the subject audit reports. The reports were prepared in accordance with OMB Circular A-133 requirements. The Department of Housing & Urban Development (DHUD) is the cognizant agency. There were no findings or concerns for the year ended December 31, 2000. However, the report for the December 31, 2001, contained three findings related to DHUD programs as summarized below:

**Finding 2001-2 Program Income**

The OMB Common Rule requires program income received to be deducted from federal outlays unless the grant agreement or federal agency specifies alternative uses.

The auditor noted that Program Income, consisting primarily of loan repayments, has not been used consistently on a first-in, first-out basis to offset draw-downs on the grant. Draw-downs occurred even though program income was available for use.

The regulations at 24 CFR 570.500 (5) (b) Revolving fund state this is ``a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out the same activities.''

Disposition of program income received by recipients

According to 24 CFR 570.504 (b) (2) (i) ``Program Income in the form of repayments to, or interest earned on, a **revolving fund** as defined in 570.500 (b), shall be substantially disbursed from such fund before additional cash withdrawals are made from the U. S. Treasury for the same activity.'' Substantially all

other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U. S. Treasury."

#### **Corrective Action**

According to the City's letter dated May 16, 2002, page 216 of the audit report, the income in question involves income from loan repayments on the housing loan account and is being used to make additional housing loans in accordance with the above regulations. If the above income is on the housing loan account, no corrective plan is necessary. **This finding is closed.**

#### **Finding 2001-3 No process in place to collect delinquent loan payments**

The OMB Common Rule also encourages grantees to generate program income to defray the program costs.

The grantee, while designing its program to collect program income by way of collection of loan repayments, lacks a formalized process and policy for pursuing collection of delinquent loan payments. The grantee may be foregoing program income that it may have generated had such a formalized process and policy been established and followed.

#### **Corrective Action:**

The grantee should establish, in writing, the processes and procedures to follow in pursuing collection of delinquent loans. Forward to HUD a copy of the written procedures. Grantee staff should then consistently adhere to the policy and procedures and document compliance with those procedures.

#### **Finding 2001-4**

Program income should be recorded in the accounting records of the grantee on a timely basis.

The primary tool used by the grantee to track and collect program income is the software used by the company that has been contracted to service the loans. This software generates monthly portfolio, collection and delinquency reports which are submitted to the grantee on a monthly basis. During the auditor's testing, he noticed that certain loans which had been disbursed from the grant funds did not appear on the servicer's December 2001 portfolio report. This indicates that the tested loans had not been entered into the servicer's accounting software on a timely basis.

#### **Corrective Action**

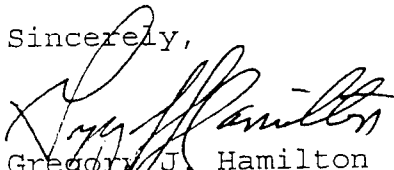
The grantee should submit to HUD evidence that the above



procedures have been processed and are now in place.

If there are any questions, please have the appropriate person on your staff contact Ms. Nora Blake, Financial Analyst, at (504) 589-7212, Ext 3054.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory J. Hamilton". The signature is fluid and cursive, with the first name "Gregory" and last name "Hamilton" clearly distinguishable.

Gregory J. Hamilton  
Director  
Community Planning &  
Development Division

cc: Al Gensler, Director  
Community and Economic Development

## INSTRUCTIONS

Page 1 of 3

### Rental Housing Loans: Tracking for loan portfolio status

Background: The City-Parish 2001 single-audit contained a finding concerning tracking of housing loan disbursements so as to better assure that loan disbursements are correctly recorded on the loan portfolio reports of our loan servicer.

This applies to both homebuyer and homeowner rehab projects, as well as to rental housing loans. However, rental housing loans can often involve more complicated loan documents, different types of mortgage instruments, and a more extended disbursement process. Thus, the tracking of rental housing loans will be different than for homeowner housing loans. These instructions apply only to rental housing loans.

#### Tracking records location:

- The record is kept on our server.
- File path is: G:Sections/Housing/Loans/PortfolioTracking/Rental

#### Within the Rental folder, documents containing:

Instructions

Document labeled for each calendar year: e.g., 2002RentalTracking

- 1) Each annual year document is to contain a cover page listing the loans being tracked for that year. When ever a new rental loan is made, it is to be added to the cover page listing.
- 2) At the time that a new loan is added to the cover page, a page is to be added to the end of the document.
- 3) That page is to list, at the top, the calendar year, the name of the borrower, the source of funds for the loan and the portfolio status. Also at the top of the page, include a "Last update" line, with a space for a date.
- 4) Any time that the page for a loan is updated to reflect more current information, chance the last update date to the date on which a revision is made (e.g., highlight the date, "Control D" will then insert the current date)
- 5) Keep each loan tracking page to a single summary page. It is not the intent of these tracking forms to go into a lot of detail on a particular project. Rather, it is to provide a monitoring process, from the start of loan disbursements to the point that a loan has been set up on the servicer's portfolio records and checked as to accuracy; as well as to monitor to assure that loans belonging on the servicer's portfolio report have been submitted for recording.
- 6) Provide a brief summary of the loan. E.g., amount, property, loan agreement date, type of loan, scheduled start of amortization payments, and related summary notes.
- 7) Include a listing of disbursements and any undisbursed loan balances.
- 8) Include summary notes on when the loan set up has been/will be sent to the servicer, and any particular comments concerning steps to be taken, etc.
- 9) Add update notes to the bottom. Prior notes that are no longer applicable can be lined through or deleted.

- 10) Portfolio Status: The status of each loan is "Incomplete" until it has been submitted to the servicer and checked against a subsequent servicer portfolio report to determine that it has been correctly recorded. After no further action is required to confirm that the loan is correctly recorded on the portfolio, the status is changed to "Complete".
- 11) In some cases, a loan might be set up with the servicer, but remain subject to a revision. For example, a loan set up for the full principal amount of the loan, but for which final loan draws are for less than the principal amount of the loan. In cases where a loan is completed at less than the note amount, the service must be provided notice to reduce the loan principal to the actual amount of funds disbursed. (Loan agreements typically specify an "up to" amount of the loan, and specify that if all funds are not disbursed, the undisbursed amount is credited back to principal reduction.) This requires further monitoring to assure that the reduction to loan principal is subsequently reflected on the portfolio reports. Whenever a loan is set up with the servicer and involves funds remaining to be disbursed, the status remains "incomplete" until the final disbursement amount is determined, notice to the servicer provided, and confirmation of the change is checked on a subsequent portfolio report.
- 12) When a loan has been confirmed as correctly set up and the status changed to Complete, no further action is typically required.

#### Handling Updates:

- a) The staff person having monitoring oversight of the loan agreement is responsible for adding the loan to the annual list and for making periodic updates to the monitoring report for the loan.
- b) The staff person is to update the loan information each time that there is an action related to portfolio set-up. Each summary page is to be, nevertheless, to be updated no less than bi-monthly. (Jan., Mar, May, ....). If no change, a statement to the bottom to that effect.
- c) The Assistant Director is to review the listing no less than quarterly. Loans identified from the review as lagging in set-up or updating are to be flagged with the appropriate staff person and supervisor for follow-up. Supervisors, if other than the staff person monitoring the loan agreement, should also periodically review the listing.

#### Carry-overs:

- Loans may involve disbursements begun in one year, and subsequently carried over into another before final loan portfolio set-up is completed.
- At the end of each calendar year, any loans still shown as incomplete for the year are to be carried forward into the next year.
- A new file document for the next year is to be prepared. The page on the loan is to be copied and pasted into the new year's document. The last update Date is to be changed for the new document to the date on which it was copied over.
- The cover list is to contain a listing of carry-over loan projects at the bottom of that page.

Notations on rental housing loans and when they should be booked with the servicer.

- A) Loans set up with the servicer are amortizing loans– whether amortization payments begin soon or whether there is a deferral period before such payments start.
- B) In many cases, particularly in the case of larger rental housing projects and projects involving joint development funding with private lenders, loan closings do not begin with an amortizing, permanent loan. Rather, there is a Collateral Mortgage or Multiple Indebtedness Mortgage form of loan closed at the start of the project. This is a typical form of development financing and private lenders often use the same financing.
- C) Collateral Mortgage loans are for the development period. Our agreements typically specify a time period by which the Collateral Mortgage is to be converted to a permanent, amortizing mortgage. This is a point in time after the project is scheduled to be completed. At the time of conversion, final disbursement amounts are reconciled, the Collateral Mortgage is canceled and the amortizing loan replaces it on the property records.
- D) Development loans (e.g. collateral mortgages) are not sent to the servicer for portfolio recording. There is nothing (no payments, collections, etc.) for the servicer to service at that point. The loan is submitted to the servicer when the development loan is converted to the amortizing loan.
- E) Disbursements involving Collateral Mortgage loans are tracked with the individual loan records. These portfolio tracking sheets will provide a cross-check and summary of the loan status, as well as monitoring to confirm that the converted mortgages are submitted to and recorded with the servicer.
- F) For a loan set-up, the servicer typically requires 2 months advance notice before the first payment due date. Time can vary depending on the part of the month in which the loan set-up information is submitted. Time is needed for the servicer to book the loan on its records and to provide the borrower with timely notice as to how to make payments.
- G) The servicer's timing needs aside, loans should be sent to the servicer for set-up at the earliest time after which the amortizing mortgage is closed.
- H) For smaller rental loans and those whereby we may not be involving a private lender, we may have an amortizing mortgage closed at the onset. But, with funds under that loan still subject to disbursement under the loan agreement terms. (E.g., rehab construction draws). Such loans should be submitted to the servicer after they are closed, with notice of any reductions to loan principal submitted to the servicer when the project has been completed. If funds are fully used, no follow-up notice to the servicer is necessary. Any principal reduction notices to the servicer should also be copied to the borrower.

## INSTRUCTIONS

Page 1 of 3

### Homebuyer Loans: Tracking for loan portfolio status

Background: The City-Parish 2001 single-audit contained a finding concerning tracking of housing loan disbursements so as to better assure that loan disbursements are correctly recorded on the loan portfolio reports of our loan servicer.

This applies to both homebuyer and homeowner rehab projects, as well as to rental housing loans. Because of differences in project types and loan processing, tracking procedures are differently applied to each. These instructions apply to only homebuyer loans. These instructions apply only to rental housing loans.

Tracking records location:

- The record is kept on our server.
- File path is: G:Sections/Housing/Loans/PortfolioTracking/Homebuyer

Within the Homebuyer folder, documents containing:

Instructions

Separate tickler subfolder lists for each portfolio (756-CDBG and 757-HOME), plus an Archive subfolder.

#### A. Portfolio Set-up Tracking List (tickler file):

- 1) Each (756 & 757) folder contains a listing of closed homebuyer loans that are pending final confirmation as to reconciliation for accuracy and completeness against the loan servicer's portfolio report.
- 2) The listing serves as a "tickler" file to monitor portfolio set-ups.
- 3) When a new loan is made, the name of the borrower, property address, project number, loan agreement date and loan amount(s) is to be entered onto the tickler list.
- 4) The total initial disbursement amount is to be entered under the "Disburse.#1" column. In cases whereby the borrower is being provided closing cost assistance, the amount of that assistance is part of the initial disbursement. The total disbursement amount is to be entered, and the amount of closing cost assistance entered in the "Notes" column.
- 5) The figure(s) in the Loan Amount column is only to show the mortgage amount of the loan, i.e., the loan amount(s) to be serviced. When mortgage loans involve more than one promissory note with different loan repayment provisions, each note amount is to be listed in this column. (The servicer's portfolio report also records each promissory note separately.)
- 6) When more than one promissory note is involved, this typically involves a deferred payment note for purchase and a deferred-forgivable note for rehab. When listing the loan amounts in these cases, list them in this order, i.e., deferred first, forgivable second.
- 7) In cases where rehabilitation financing is included in a loan, the rehab funds are not disbursed at the time of purchase closing. Rehab funds are disbursed as the rehab work is completed and the borrower draws funds from the loan to pay for costs incurred. Each disbursement is to be entered.
- 8) The "Total Disburse." column is a computer formula calculation that totals all disbursements across the row for a loan. This total includes closing costs when such have been provided. Upon final reconciliation of a loan against the servicer's portfolio report, the total in this block-minus any closing costs- must equal the total loan amount before the loan can be considered for final confirmation that it reconciles with the servicer's report.
- 9) When loan documents have been submitted to the servicer, make an entry in the "To ACS." column. The absence of an entry or a "no" denotes that the loan submission has not be made.

- 10) The month following the submission of the loan to the servicer, review the servicer's latest monthly portfolio report. If the loan is correctly listed on the servicer's report, make a confirming entry under the "Confirm" column.

B. Rehab loans-reconfirm, additional instructions

- 1) Homebuyer/owner housing loans involving rehab financing are initially set up with the servicer for the full amount of the loan. However, it is possible that the full amount of loan proceeds for rehab costs may not be used for the property at the completion of the project. In such cases, the non-disbursed amount is credited to loan principal reduction following rehab completion.
- 2) Because loans involving rehab disbursements can involve a subsequent reconciliation against the servicer's portfolio report, these loans are to be marked on the list so as to denote that a final reconciliation is required. In these cases, the entry under the "Confirm" column will initially reflect that the loan has been booked on the servicer's report, but is to be annotated to flag that the loan is subject to a final reconciliation and confirmation in the event that there are unused loan funds.
- 3) Upon completion of rehab project and final loan disbursements, reconcile the total loan disbursements against the loan amount. If total disbursements are less, send a written notice to the servicer, specifying the amount of principal reduction to be applied to the note.
- 4) Review the next monthly servicer report(s) to confirm that the reduction has been correctly applied. When so confirmed, delete the prior entry under the "Confirm" column and put in a new entry showing that the final amount has been confirmed on the servicer's report.

Maintenance of Homebuyer Tickler file:

- 1) Review the servicer's monthly portfolio report against the outstanding confirmations. Complete the reviews within ten (10) work days following receipt of each monthly report, making all appropriate entries.
- 2) The timing as to when to expect a loan to show up on the servicer's report is dependent upon a number of factors, including the part of the month in which the loan is submitted. If a loan does not appear on the servicer's report within two monthly reports, submit an email to the Loan Officer.
- 3) Entries for new loans and disbursements for rehab progress payments should be made no less than monthly. Housing loan staff should maintain a consolidated disbursement folder for use in making updated entries, the folder to be available to clerical/accounting staff for entry updating. Copies of basic documents (e.g., pre-requisition showing initial disbursement for a new loan, a rehab disbursement, cover notice to the servicer, etc.) have all necessary information and would be generally be sufficient to provide the entry information.
- 4) After a loan has reached final confirmation as to reconciliation with the servicer's report, that loan can be removed from the tickler report. (Continuing to keep all confirmed loans on the ticker report could result in the tickler list becoming unwieldy over time as the number of loans grow.) However, when removing a loan from the tickler list, copy that loan information to an Archived computer list or print the page and save a paper file of the record.
- 5) The Assistant Director and the Housing Programs Manager are to review the tickler list monthly to confirm ongoing and timely maintenance of the list, and to take appropriate action to have the list brought current if necessary.

Revision (02/13/03)

- 1) Add a column to the end of the tickler list, the column entitled "Review". This column is for Loan Officer/supervisory use. The entry in this column is to be initials of the person who reviewed the entry after it has been confirmed for reconciliation with the servicer's report. Prior to removal of a loan entry from the tickler list, each is to be reviewed to confirm accuracy and completeness.
- 2) For subsequent updates to the tickler lists, us day/mo in the "To ACS" and "Confirm" columns rather than "yes". It is not necessary to change prior entries that show as a "yes".

## DELINQUENT LOAN PAYMENTS Procedures

Page 1 of 3

Office of Community Development  
City of Baton Rouge-Parish of East Baton Rouge

### A. General Background and Comments:

The 2001 single-audit contained a finding that the Office of Community Development lacked a formalized process for pursuing collections on delinquent housing loan payments and recommended that the process and procedures for pursuing collection be established in writing, including documentation of actions under those written procedures.

Collection actions have previously been generally informal as to contacts with delinquent buyers. This has involved telephone calls, letters, in some cases work-out agreements with the borrowers, and various other actions. However, such actions have not always been well-documented to a consolidated loan delinquency file nor have collection pursuits been applied on a regular schedule of monitoring and follow-up on actions taken. These written procedures are intended to address this matter.

The following comments as to OCD policy and procedures are to serve as general guidelines to OCD staff in the implementation of collection actions for delinquent loans.

- Remember a primary purpose of our Homebuyer Assistance Program – to enable lower income families to realize the "American Dream" of home ownership at an affordable cost.
- Nonpayment of mortgage obligations to the City-Parish can result in collection actions that worsen the financial situation of a home buyer, including bankruptcy and the loss of the home through foreclosure.
- Provided that a borrower is taking appropriate and reasonable action to remedy a delinquency, our first goal in working with that delinquent borrower must remain related to assisting the borrower in maintaining the home ownership opportunity that has been afforded and so as to not unduly further jeopardize the financial stability of the household.
- Participants under our Homebuyer Assistance Program are lower income households. Such households generally have less options when faced with a financial crisis, and may be unfamiliar and fearful of how to go about resolving a problem with a lender.
- Our standard Loan Agreement includes provisions for undertaking a forbearance option (workout plan). Experience has shown that there is no "standard" reason for a loan falling into arrears. (Excess debt, job loss, death of a spouse are only examples of the diversity of causes.) And, thus there is no standard set of forbearance terms and conditions. Each must be tailored to the individual circumstances and with the goal of enabling the borrower to maintain home ownership within his/her financial capacities.

### B. Collection Actions Process:

- 1) The loan servicer sends 15, 30 and 45-day late notices. We will not duplicate those notifications.
- 2) Loan portfolio reports are received monthly from the servicer. Borrowers showing as newly delinquent on a monthly report are to be telephoned shortly after the monthly servicer report is received. The call is to let the borrower know that our office has observed that the borrower has fallen behind, to see what steps the borrower has taken (or is taking) to bring the payments current. If it is learned that the borrower is experiencing a situation whereby s/he may be falling further behind in payments, begin discussions/negotiations to resolve the matter.
- 3) The borrower is to be listed on the summary status report for delinquent loans, and an individual loan tracking log is to be started.
- 4) If after two (2) attempts to reach the borrower, the person has not been able to be reached, a letter is to be sent to the Borrower, requesting that s/he contact our office.
- 5) Newly delinquent borrowers who fall further behind after the first month, and for which no



forbearance or other satisfactory resolution has been agreed to by our office, are to be telephoned and the matter discussed. The person is to also be sent a written notice confirming the conversation and the steps being taken to resolve the matter (as discussed/confirmed with the borrower), and/or further describing the referral and other options available to the borrower toward resolving the matter.

- 6) If, the borrower falls further behind on payments without a satisfactory forbearance (work-out) resolved with our office, does not respond to contact attempts or is otherwise not taking reasonable steps to resolve the matter, the case is to be referred to the Parish Attorney's Office, with a request that that office send a collection notice to the borrower.
- 7) If no satisfactory response from the borrower within thirty days following the date of notice by the Parish Attorney's Office, refer the loan to the Parish Attorney for consideration and advise as to the next appropriate action, including that of filing formal suit to collect on the note and to consider the initiation of foreclosure actions.

C. Delinquent Loan Tracking:

- 1) A summary listing of delinquent loans is to be maintained and updated monthly, within one week following receipt of the monthly reports from the servicer. Separate listings are to be maintained for each portfolio group (HOME, CDBG).
- 2) A separate Activity Log is to be established for each new loan at the time that it becomes delinquent. The log is to be updated upon each contact/action taken with regard to the loan.
- 3) Both the summary listing and the individual Activity Logs are to be kept in an "Arrears" subfolder on the computer server (g: drive) for OCD, under Sections/Housing/Loans/PortfolioTracking. Updates are to be entered on the computer. The folder is to be accessible to admin/supervisory staff for periodic review.
- 4) When a loan is no longer in arrears, it is to be deleted from the summary listing. The individual Activity Log on the loan, including an entry showing final status, is to be printed and placed into the loan documents file of the loan. The closed out-activity log is to be archived in the delinquent loans subfolder.
- 5) Copies of all written correspondence, forbearance or other written agreements, etc., are to be filed in the borrower's loan documents file.

E. Forbearance/work-out Options:

- Both initial and subsequent actions may include referral of the borrower to the Home Ownership Center of MidCity for a review and consultation with the borrower. After review, Mid City may recommend a plan of action to the borrower and our office. The decision as to whether to accept, reject or revision a proposed workout plan, however, is with OCD after review of the plan and circumstances. While Mid City may utilize credit counseling services as a part of its review and any proposed work-out plan, proposed plans resulting from the borrower directly contacting a qualified credit counseling agency will also be considered.
- Any agreement reached with the borrower, other than the borrower promptly bringing the note current, is to be completed in writing. The form of the agreement may vary according to the circumstances and planned steps to resolve. It maybe as simple as a letter agreement confirming the actions to be taken and any conditions pertaining thereto as discussed with a borrower. Or, it may be a more formal written agreement.
- Written forbearance agreements may be prepared by our office, or the borrower may work out a forbearance agreement directly with our loan servicer. In the latter case, the agreement is not effective unless and until it has been reviewed and signed by OCD administration as to agreeing with the terms and conditions of the forbearance.

F. Transition to these Procedures:

Actions in regards to borrowers who are already in arrears on payments will need to be taken on a case-by-case basis. While a loan may show as being in arrears on the servicer's reports, the reports are only in terms of arrearage under the promissory note payment schedule. The servicer reports do not reflect decisions/actions that may have been taken for a number of loans.

Written correspondence is to be sent to each borrower with payments in arrears. That correspondence will need to be tailored to the payment history and known circumstances of the borrower.

In some cases, that correspondence will simply confirm the status of previous agreement with the borrower. Where follow-up action is required, monthly updates on the status of such follow up action is to be recorded on the delinquent loan list.

If the borrower does not respond, or if a satisfactory work-out agreement is not reached, the matter is to be referred to the Parish Attorney for collection and such other action as is deemed necessary.

One of the more common types of arrearages involves borrowers who have gotten slightly behind on payments, who make regular payments, but who have been unable to catch up on prior arrears. Notices to borrowers in these cases are to suggest options for catching up, but are not to result in further collection action provided that the borrower does not go further into arrears.

G. Other Considerations:

If borrower bankruptcy is involved, the matter is to be referred to the Parish Attorney. Bankruptcy laws govern the process for filing claims and what actions can and can not be taken during the proceedings. The direction of the Parish Attorney's Office is to be followed in all such cases.

FORM **SF-SAC**  
(3-20-2001)U.S. DEPT. OF COMM. - Econ. and Stat. Admin. - U.S. CENSUS BUREAU  
ACTING AS COLLECTING AGENT FOR  
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on  
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS  
for Fiscal Year Ending Dates On or After January 1, 2001**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."


**RETURN TO****Federal Audit Clearinghouse  
1201 E. 10th Street  
Jeffersonville, IN 47132****PART I****GENERAL INFORMATION (To be completed by auditee, except for Item 7)**

1. Fiscal period ending date for this submission Month / Day / Year      Fiscal Period End Dates Must Be On or After January 1, 2001 12 / 31 / 2002		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit      2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual      2 <input type="checkbox"/> Biennial      3 <input type="checkbox"/> Other -      Months		4. Date received by Federal clearinghouse <b>FEDERAL GOVERNMENT USE ONLY</b>	
5. Employer Identification Number (EIN) a. Auditee EIN      7 2 6 0 0 0 1 3 7		b. Are multiple EINs covered in this report?      1 <input type="checkbox"/> Yes      2 <input checked="" type="checkbox"/> No If Part I, Item 5b = "Yes," complete Part I, Item 5c (Complete the continuation sheet on Page 4)	

**6. AUDITEE INFORMATION**

a. Auditee name CITY OF BATON ROUGE-PARISH OF EAST BATON ROUGE	
b. Auditee address (Number and street) 222 ST. LOUIS STREET City BATON ROUGE State      ZIP + 4 Code LA      7 0 8 2 1 - 1 4 7 1	
c. Auditee contact Name VICKI P. HARRIS Title ACCOUNTING MANAGER	
d. Auditee contact telephone ( 225 ) 389 - 3316	
e. Auditee contact FAX (Optional) ( 225 ) 389 - 7831	
f. Auditee contact E-mail (Optional) VHARRIS@BRGOV.COM	

**g. AUDITEE CERTIFICATION STATEMENT** - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official      Date  
      5/23/03  
 Printed Name/Title of certifying official  
 Vicki P. Harris, Accounting Manager

**7. AUDITOR INFORMATION (To be completed by auditor)**

a. Auditor name POSTLETHWAITE & NETTERVILLE AP-AC	
b. Auditor address (Number and street) 8550 UNITED PLAZA BLVD City BATON ROUGE State      ZIP + 4 Code LA      7 0 8 0 9 -	
c. Auditor contact Name JOEY RICHARD Title AUDIT DIRECTOR	
d. Auditor contact telephone ( 800 ) 201 - 7332	
e. Auditor contact FAX (Optional) ( ) -	
f. Auditor contact E-mail (Optional)	

**9. AUDITOR STATEMENT** - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 8, 9, and 10, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor      Date  
      5/23/03  
 Month Day Year

**PART I GENERAL INFORMATION - Continued**

8. Did the auditee expend more than \$25,000,000 in Federal awards during the fiscal year? (Mark (X) one box)  
 1 ☒ Yes - Identify Cognizant Agency in Part I, Item 9      2 ☐ No - SKIP to Part II, Item 1

9. Indicate which Federal awarding agency provided the predominant amount of direct funding in fiscal year 2000. (Mark (X) one box) However, if cognizance has been reassigned, see instructions.

- |  |   |   |   |
|--|---|---|---|
| 02 <input type="checkbox"/> Agency for International Development | 81 <input type="checkbox"/> Energy                              | 14 <input type="checkbox"/> Housing and Urban Development | 47 <input type="checkbox"/> National Science Foundation |
| 10 <input type="checkbox"/> Agriculture                          | 66 <input type="checkbox"/> Environmental Protection Agency     | 15 <input type="checkbox"/> Interior                      | 20 <input checked="" type="checkbox"/> Transportation   |
| 11 <input type="checkbox"/> Commerce                             | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice                       | <input type="checkbox"/> Other - Specify:               |
| 12 <input type="checkbox"/> Defense                              | 93 <input type="checkbox"/> Health and Human Services           | 17 <input type="checkbox"/> Labor                         |   |
| 84 <input type="checkbox"/> Education                            |   |   |   |

**PART II FINANCIAL STATEMENTS (To be completed by auditor)**

1. Type of audit report (Mark (X) one box)

- 1 ☒ Unqualified opinion      2 ☐ Qualified opinion      3 ☐ Adverse opinion      4 ☐ Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?

- 1 ☐ Yes      2 ☒ No

3. Is a reportable condition disclosed?

- 1 ☐ Yes      2 ☒ No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness?

- 1 ☐ Yes      2 ☐ No

5. Is a material noncompliance disclosed?

- 1 ☐ Yes      2 ☒ No

**PART III FEDERAL PROGRAMS (To be completed by auditor)**

1. Type of audit report on major program compliance

- 1 ☒ Unqualified opinion      2 ☐ Qualified opinion      3 ☐ Adverse opinion      4 ☐ Disclaimer of opinion

2. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending greater than \$300,000 in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA SOP 98-3 chapter 10)

- 1 ☒ Yes      2 ☐ No

3. What is the dollar threshold to distinguish Type A and Type B programs? (\$ \_\_\_\_ .520(b))      \$1,603,266

4. Did the auditee qualify as a low-risk auditee? (\$ \_\_\_\_ .530)

- 1 ☒ Yes      2 ☐ No

5. Is a reportable condition disclosed for any major program? (\$ \_\_\_\_ .510(a)(1))

- 1 ☒ Yes      2 ☐ No - SKIP to Item 7

6. Is any reportable condition reported as a material weakness? (\$ \_\_\_\_ .510(a)(1))

- 1 ☐ Yes      2 ☒ No

7. Are any known questioned costs reported? (\$ \_\_\_\_ .510(a)(3) or (4))

- 1 ☒ Yes      2 ☐ No

8. Was a Summary Schedule of Prior Audit Findings prepared? (\$ \_\_\_\_ .315(b))

- 1 ☒ Yes      2 ☐ No

9. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)

- |  |  |   |  |
|--|--|---|--|
| 02 <input type="checkbox"/> Agency for International Development           | 83 <input type="checkbox"/> Federal Emergency Management Agency      | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration   |
| 10 <input checked="" type="checkbox"/> Agriculture                         | 39 <input type="checkbox"/> General Services Administration          | 89 <input type="checkbox"/> National Archives and Records Administration  | 19 <input type="checkbox"/> State                            |
| 23 <input type="checkbox"/> Appalachian Regional Commission                | 93 <input type="checkbox"/> Health and Human Services                | 05 <input type="checkbox"/> National Endowment for the Arts               | 20 <input checked="" type="checkbox"/> Transportation        |
| 11 <input type="checkbox"/> Commerce                                       | 14 <input checked="" type="checkbox"/> Housing and Urban Development | 06 <input type="checkbox"/> National Endowment for the Humanities         | 21 <input type="checkbox"/> Treasury                         |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute for Museum Services            | 47 <input type="checkbox"/> National Science Foundation                   | 82 <input type="checkbox"/> United States Information Agency |
| 12 <input type="checkbox"/> Defense  | 15 <input type="checkbox"/> Interior                                 | 07 <input type="checkbox"/> Office of National Drug Control Policy        | 64 <input type="checkbox"/> Veterans Affairs                 |
| 84 <input type="checkbox"/> Education                                      | 16 <input type="checkbox"/> Justice                                  | 59 <input type="checkbox"/> Small Business Administration                 | 00 <input type="checkbox"/> None                             |
| 81 <input type="checkbox"/> Energy   | 17 <input checked="" type="checkbox"/> Labor                         |   | <input type="checkbox"/> Other - Specify:                    |
| 66 <input type="checkbox"/> Environmental Protection Agency                | 09 <input type="checkbox"/> Legal Services Corp                      |   |  |

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives ..... ☒
- and, if not marked above, the cognizant agency (if identified in Part I, Item 9) ..... ☐

Count total number of boxes marked above and submit this number of reporting packages

5

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #1 of 6)****10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA Number (a)		Research and develop- ment (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
1	4 .218	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	COMMUNITY DEVELOPMENT BLOCK GRANT	\$ 6,602,337 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
1	4 .239	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	COMMUNITY DEVELOPMENT HOME GRANT	\$ 2,536,557 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
1	4 .235	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CONTINUUM OF CARE SUPPORTIVE HOUSING PROGRAM	\$ 1,192,331 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	4 .241	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HOPWA GRANT	\$ 613,271 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	4 .231	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EMERGENCY SHELTER	\$ 348,112 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	4 .156	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MODERATE HOUSING ASSISTANCE	\$ 1,603,005 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	4 .276	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PARKING STRUCTURE FEASIBILITY STUDY	\$ 28,275 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	3 .010051	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	METROPOLITAN MEDICAL RESPONSE SYSTEM	\$ 59,653 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	3 .600	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HEADSTART	\$ 8,312,148 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	3 .243	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ECSTASY AND CLUB DRUG	\$ 29,131 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				\$ 53,442,200 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

- A. Activities allowed or unallowed  
 B. Allowable costs/cost principles  
 C. Cash management  
 D. Davis - Bacon Act  
 E. Eligibility  
 F. Equipment and real property management  
 G. Matching, level of effort, earmarking  
 H. Period of availability of Federal funds  
 I. Procurement and suspension and debarment  
 J. Program income  
 K. Real property acquisition and relocation assistance  
 L. Reporting  
 M. Subrecipient monitoring  
 N. Special tests and provisions  
 O. None  
 P. Other

<sup>4</sup> N/A for NONE

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #2 of 6)****10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA Number (a)		Research and develop- ment (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
9	3 .959	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CITY COURT VOLUNTEER IN COURT	\$ 23,850 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	3 .568	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LIHEAP ENERGY ASSISTANCE	\$ 1,396,676 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANG ENTERGY ASSISTANCE	\$ 116,051 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	3 .569	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	COMMUNITY SERVICES BLOCK GRANT	\$ 974,964 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	3 .554	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ASSISTANCE TO FIRE FIGHTERS	\$ 37,218 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	3 .516	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TROPICAL STORM ALLISON	\$ 54,909 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	3 .516	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TROPICAL STORM ISIDORE	\$ 81,616 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	3 .516	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HURRICANE LILI	\$ 441,111 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	3 .534	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EAST BATON ROUGE FLOOD PROPERTY ACQUISITION	\$ 648,089 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	3 .534	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ACQUISITION/ELEVATION OF REPET. LOSS STRUCTURES	\$ 691,074 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				\$ 53,442,200 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

- A. Activities allowed or unallowed F. Equipment and real property management K. Real property acquisition and relocation assistance O. None
- B. Allowable costs/cost principles G. Matching, level of effort, earmarking L. Reporting P. Other
- C. Cash management H. Period of availability of Federal funds M. Subrecipient monitoring
- D. Davis - Bacon Act I. Procurement and suspension and debarment N. Special tests and provisions
- E. Eligibility J. Program income

<sup>4</sup> N/A for NONE

INTERNET REPORT ID: 81917 6/12/03

**FEDERAL PROGRAMS - Continued (Page 3 - #3 of 6)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			11. AUDIT FINDINGS				
CFDA Number (a)	Research and develop- ment (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>						
8 3 .534	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ELEVATION OF FLOOD PROPERTY	\$ -3725 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 3 .534	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TERRORISM CONSEQUENCE PREPAREDNESS	\$ 42,470 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 3 .534	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EMERGENCY ENHANCED HAZMAT PROGRAM	\$ 7,640 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 3 .523	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EMERGENCY SHELTER	\$ 23,645 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
2 0 .205	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HIGHWAY PLANNING AND CONSTRUCTION GRANTS	\$ 4,910,776 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
2 0 .505	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TRANSPORTATION PLANNING	\$ 36,831 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
2 0 .703	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HMEP GRANT	\$ 5,566 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 1 .042	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WEATHERIZATION ASSISTANCE	\$ 54,409 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0 .561	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LOUISIANA JOB EMPLOYMENT TRAINING	\$ 209,460 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	JUVENILE DETENTION FOOD SERVICE	\$ 52,612 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			\$ 53,442,200 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #4 of 6)****10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA Number (a)		Research and develop- ment (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
1	0 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HEADSTART FOOD (CHILDREN AND ADULT CARE FOOD PROGRAM)	\$ 803,809 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	BI	2002-5,2002-6
1	0 .559	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SUMMER FOOD	\$ 879,966 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8	4 .034	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	STATE AID TO PUBLIC LIBRARIES	\$ 78,163 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	7 .250	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	JTPA-TITLE IIA 5% INCENTIVE	\$ 53,194 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	7 .253	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WELFARE TO WORK	\$ 633,985 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1	7 .258-260	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIA-ADMINISTRATION	\$ 292,739 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	BIG	2002-1-2002-4
1	7 .258	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIA-ADULT PROGRAM	\$ 1,205,463 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	BIG	2002-1-2002-4
1	7 .259	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIA-YOUTH PROGRAM	\$ 1,279,547 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	BIG	2002-1-2002-4
1	7 .260	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIA-DISLOCATED WORKERS	\$ 1,120,962 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	BIG	2002-1-2002-4
1	7 .260	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIA-TROPICAL STORM ALLISON	\$ 550,667 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	BIG	2002-1-2002-4
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				\$ 53,442,200 .00	<b>IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS</b>			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 5.10(a)) reported for each Federal program.

- A. Activities allowed or unallowed  
B. Allowable costs/cost principles  
C. Cash management  
D. Davis - Bacon Act  
E. Eligibility
- F. Equipment and real property management  
G. Matching, level of effort, earmarking  
H. Period of availability of Federal funds  
I. Procurement and suspension and debarment  
J. Program income
- K. Real property acquisition and relocation assistance  
L. Reporting  
M. Subrecipient monitoring  
N. Special tests and provisions
- O. None  
P. Other

<sup>4</sup> N/A for NONE



**PART III FEDERAL PROGRAMS - Continued (Page 3 - #5 of 6)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR				11. AUDIT FINDINGS			
CFDA Number (a)	Research and develop- ment (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
1 6 .592	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LOCAL LAW ENFORCEMENT BLOCK GRANT	\$ 450,515 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .729	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DRUG-FREE COMMUNITIES PROGRAM	\$ 85,107 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .609	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PROJECT SAFE NEIGHBORHOOD	\$ 5,077 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .579	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DRUG ABUSE RESISTANCE EDUCATION	\$ 67,868 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .579	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	POLICE ELECTRONIC EQUIPMENT ENHANCEMENT	\$ 971 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .579	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	INTERGRATED CRIMINAL APPREHENSION (ICAP)	\$ 85,000 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .579	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CITY CONSTABLE ELECTRONIC EQUIPMENT	\$ 970 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 6 .523	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	JUVENILE ACCOUNTABILITY BLOCK GRANT	\$ 334,146 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
6 6 .461	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EPA WETLANDS	\$ -323 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
6 6 .811	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EPA BROWNSFIELD PILOT	\$ 51,783 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			\$ 53,442,200 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #6 of 6)****10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA Number (a)		Research and develop- ment (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
6	6 .606	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WATERSHED PROTECTION ROUNDTABLE WORKSHOP	\$ 25,843 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	9 .999999	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HIGH INTENSITY DRUG TRAFFICKING AREA	\$ 5,000 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9	9 .999999	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ATM/EOC BUILDING DEDICATION REIMBURSEMENT	\$ 6,078 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
2	0 .507	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FEDERAL TRANSIT CAPITAL AND ASSISTANCE	\$ 724,315 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
2	0 .106	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	AIRPORT IMPROVEMENT PROGRAM	\$ 12,344,933 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	DI	2002-7,2002-8
8	3 .503	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CIVIL DEFENSE	\$ 69,959 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
6	6 .606	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WASTE WATER SYSTEMS IMPROVEMENTS	\$ 1,156,401 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				\$ 53,442,200 .00	<b>IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS</b>			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

A. Activities allowed or unallowed  
 B. Allowable costs/cost principles  
 C. Cash management  
 D. Davis - Bacon Act  
 E. Eligibility  
 F. Equipment and real property management  
 G. Matching, level of effort, earmarking  
 H. Period of availability of Federal funds  
 I. Procurement and suspension and debarment  
 J. Program income  
 K. Real property acquisition and relocation assistance  
 L. Reporting  
 M. Subrecipient monitoring  
 N. Special tests and provisions  
 O. None  
 P. Other

<sup>4</sup> N/A for NONE



**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
THE PASSENGER FACILITY CHARGE PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

The Honorable Mayor-President  
and Members of the Metropolitan Council  
City of Baton Rouge and Parish of East Baton Rouge:

**Compliance**

We have audited the compliance of the City of Baton Rouge and the Parish of East Baton Rouge (the City-Parish) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2002. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City-Parish's management. Our responsibility is to express an opinion on the City-Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City-Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City-Parish's compliance with those requirements.

In our opinion, the City-Parish complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are described in the accompanying schedule of passenger facility charge program findings and questioned costs.

**Internal Control Over Compliance**

The Management of the City-Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City-Parish's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the City of Baton Rouge and the Parish of East Baton Rouge as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003, which includes a reference to the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, and the Federal Aviation Administration and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Baton Rouge, Louisiana  
May 23, 2003

**CITY OF BATON ROUGE - PARISH OF EAST BATON ROUGE**  
**SCHEDULE OF PASSENGER FACILITY CHARGES (PFC)**  
**COLLECTED AND EXPENDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>FIRST QUARTER <u>2002</u></b>	<b>SECOND QUARTER <u>2002</u></b>	<b>THIRD QUARTER <u>2002</u></b>	<b>FOURTH QUARTER <u>2002</u></b>	<b>YEAR ENDED <u>12-31-02</u></b>
PFC Revenues Received	\$ 94,917	\$ 303,540	\$ 268,353	\$ 367,746	\$ 1,034,556
Interest Earnings	<u>401</u>	<u>1,107</u>	<u>13,502</u>	<u>15,513</u>	<u>30,523</u>
Total Revenues	<u>\$ 95,318</u>	<u>\$ 304,647</u>	<u>\$ 281,855</u>	<u>\$ 383,259</u>	<u>\$ 1,065,079</u>
PFC Administrative Fee	\$ 2,531	\$ 8,094	\$ 7,156	\$ 9,807	\$ (27,588)
Bond Principal Payments	4,800	4,800	82,617	75,750	(167,967)
Bond Interest Payments	29,732	8,022	163,930	141,507	(343,191)
Expenditures on Approved PFC Projects	<u>--</u>	<u>25,917</u>	<u>(2,183,242)</u>	<u>738,230</u>	<u>1,419,095</u>
Total Expenditures	<u>\$ 37,063</u>	<u>\$ 46,833</u>	<u>\$ (1,929,539)</u>	<u>\$ 965,294</u>	<u>\$ 880,349</u>
Net Assets, Restricted for PFC 1/1/02					<u>49,928</u>
Net Assets, Restricted for PFC 12/31/02					<u>\$ 1,995,356</u>

**CITY OF BATON ROUGE – PARISH OF EAST BATON ROUGE  
GREATER BATON ROUGE METROPOLITAN AIRPORT  
PFC Revenue Program  
Schedule of Finding and Questioned Costs  
Year Ended December 31, 2002**

- Criteria:** Public agencies collecting PFC revenues must submit quarterly reports to the FAA indicating amounts of PFC revenue received and expended for the quarter and to-date for each eligible project. The reports must be supported by and should be reconciled to the Agency's accounting records.
- Conditions:**
1. The quarterly reports of revenue and expenditures, while prepared from the general ledger (accounting records) and containing cash transactions for the year, did not contain all accounting adjusting entries made for the quarterly periods during 2002. An example of such an adjustment is an entry made in the second quarter to transfer approximately 2.3 MM of previously incurred program costs to another fund/program.
  2. The quarterly reports submitted to the FAA indicate revenue and expenditures for the quarter as well as life-to-date. Expenditures are further detailed by eligible project. In our audit of the quarterly schedules, we observed that the cumulative amounts per the report did not agree to the general ledger (accounting records) when said general ledger was run to include all transactions since inception of the program.
- Effect:**
1. The transfer essentially freed-up approximately 2.3MM for project expenditures, yet such newly available money was not reported to the FAA.
  2. The historical practice of transferring funds (reclassifying expenditures to different funding sources in subsequent periods) in the general ledger may have caused the cumulative expenditures by project per the general ledger to be out of balance with the quarterly report. The project costs to-date reported on the quarterly reports may be overstated or understated (undeterminable).
- Recommendations:**
1. The Airport should amend its quarterly report for the second, third and fourth quarters of 2002 and in doing so, revise the amounts expended on all projects, if those amounts are affected by the aforementioned adjusting entry. Future reports should contain all accounting adjusting entries. The City Parish's finance department, accounting division, should review the reports prior to submission.
  2. The Airport\Finance Department staff should reconcile the life-to- date general ledger as of December 31, 2002 to the fourth quarter 2002 report. Amendments to the report should be made as necessary so that cumulative amounts expended to date reflect all transfers of costs.
- Management Response:** *The Airport amended the report for the last quarter of 2002 and submitted it to Betty Davis, Project Manager for the Federal Aviation Administration on April 16, 2003. We also amended the reports for the second (2<sup>nd</sup>), third (3<sup>rd</sup>), and fourth (4<sup>th</sup>) quarters.*

